

2021

ANNUAL REPORT

**PURPOSE
DRIVEN**



JUSTICE[®]
Federal Credit Union

2021 ANNUAL REPORT | PURPOSE-DRIVEN



A Purpose-Driven Credit Union

Established in 1935, Justice Federal Credit Union is a financial services cooperative with a proud 87-year history, and a clear strategy for the future.

Guided by our values and driven by a deep sense of purpose, we serve more than 63,000 Members and their families, within the justice and law enforcement community.

We are focused on being innovative, agile, and uniquely competitive in a fast-changing world to grow our organization and create value for our Members.

Chair's Message

Perseverance and Resilience

As the world emerges from a transformative crisis and the economy regains traction, Justice Federal is positioned for continued growth. With strong operating momentum, industry-leading Member loyalty, data-informed risk management, and the flexibility to leverage our capital strength, the Credit Union is ready for the future.

Every day we help our Members achieve their goals with digitally enabled products and services designed for speed, convenience, and efficiency—all powered by human advice. We foster a winning culture in which employees across Justice Federal are aligned in our decision-making, empowered to drive long-term change, and recognized for their efforts to advance the Credit Union's strategic priorities.

The pandemic is not the first disruption the Credit Union has faced in nearly a century in business. And characteristically, the Credit Union and its employees responded this time, as before, with resolve, confidence, skill, and the utmost flexibility. The pandemic has had a profound impact on the workplace and the way we interact with Members, but it has not changed our commitment to support our Members and help them manage their finances. We recognize the trust Members place in us and the standards to which they hold us.

“ Every day we help our Members' achieve their goals with digitally enabled products and services designed for speed, convenience, and efficiency—all powered by human advice. ”

Mark Robnett, President and CEO, and the management team excelled in doing what our Members expected of them: helping them through a deep and abrupt economic upheaval. The Board of Directors worked closely with management throughout the year. The 2021 financial results reflect the careful and strategic decisions that were made to manage through the pandemic and assist our Members.

Supporting Our Members, Always

In his message, Mark describes the tremendous efforts of employees across Justice Federal to support our Members and when they needed it

most, including collaboration with the justice and law enforcement community in delivering financial wellness education sessions. These efforts continue as the country moves toward recovery.

Justice Federal's fundamental resilience, reinforced by the Credit Union's employees' steadfast support for their Members has never been in question—and this gives me great confidence in the future. The sense of purpose that drives everyone in the Credit Union can only make it stronger.

On behalf of the Board of Directors, I am pleased to report that the Credit Union is financially sound and strategically well-positioned to pursue opportunities for growth, as demonstrated by the 2021 financial results. Looking back on the past year, we are very satisfied with the Credit Union's financial results. They are a testament to the hard work of our management team and employees, and we thank all of them for another successful year.

I thank you for your continued confidence in us to represent your interests. It is our privilege to serve you as your representatives on the Board.

Warm Regards,

Ellen Warwick
CHAIR OF THE BOARD

President's Report

We're Moving Forward

with energy and confidence as we continue to build our high-performing, digitally enabled, future-ready credit union with leading efficiency, profitability, and loyalty—powered by a winning culture and driven by our Purpose.

We're optimistic about that future. Around the world, economies are reopening as the vaccine has slowed the spread of COVID-19. As the nation turns the corner from crisis to recovery, we're focused on helping our Members regain momentum and make real financial progress. We've witnessed their resilience as they've adapted to meet the challenges the pandemic has brought.

And now, the energy of the economic recovery brings with it an unprecedented opportunity. It's a unique moment, and we can harness that energy to build a more equitable economy and a fairer world. Every day, our employees are actively supporting our Members through the recovery and beyond, with bold ambitions for the future inspired by our Purpose.

Consistent Strength Through Headwinds

To fulfill our Purpose, we realize that strong and sustainable long-term financial performance drives our capability to grow. On this front, it has been an encouraging year. Justice Federal's superior risk management and strong capital position have strategically positioned us for the economic recovery. Despite the volatility caused by the pandemic and the extraordinary operational challenges it presented, we delivered a very competitive performance. Our ongoing investments in digital technology, and product innovation contributed to enhanced Member loyalty.

We took targeted actions to drive long-term profitability with a disciplined approach to expense management and made meaningful investments to position Justice Federal for future growth. We're proud of our achievements in significantly maintaining a return on asset ratio of 1.10% and a net worth ratio of 11.72%. With continued outperformance in risk management, we are poised for growth.

The tapering of monetary support and fiscal stimulus intended to ease economic hardship is an encouraging sign of the economic rebound. The global economy has shown remarkable resilience in an evolving landscape of pandemic-related restrictions—and so have our Members. As vaccination rates climbed, the U.S. economy experienced its strongest growth in decades.

Despite the optimism, growth has also been tempered by the pandemic's effects on labor markets, global supply-chain disruptions, and surging energy prices. Even with pent-up consumer demand and savings driving increased spending, many Members and businesses alike are still struggling to get back to pre-pandemic levels of activity.

Unfortunately, the pandemic increased the number of Members facing life-altering financial impacts from income loss or situations beyond their control. Seeing a need for Financial Wellness, we championed our Collection Representatives, Business Development Officer, and Branch Managers to obtain their Credit Union Financial Counselor certification to provide free, personal financial counseling to Members in need. We also teamed with our partners within the justice and law enforcement community to offer Financial Wellness training at sessions conducted in-person and virtually.

“ Every day, our employees are actively supporting our Members through the recovery and beyond, with bold ambitions for the future inspired by our Purpose. ”

Our experienced financial counselors stay apprised of financial support available for Members. They build strong Member relationships that go beyond a typical loss-mitigation conversation by helping Members achieve a path to a better financial position. Throughout the year, they assisted over five hundred Members impacted by COVID-19 with deferred payment and loan modification requests, to enable them to regain their financial footing.

As we help our Members move forward post pandemic, we have reason to be optimistic for the future, as global economies show continued resilience.

Digitally Enabled

Our digital first strategy is helping to provide Members greater convenience. As an early adopter of technology and innovation in banking, we see digital as far more than a channel; it powers everything we do to meet our Members' needs. We're well into the next stage of digitalization across Justice Federal, and it's having a profound effect as an enabler of both growth and Member loyalty.

President's Report

We're embracing the future as a digital first credit union, and we have aligned our solid technology foundation and significant technology investments with our digital agenda to drive efficiency and enhance the Member experience. This has led to more secure data management, and the deployment of leading cloud, data, and artificial intelligence capabilities.

Digital First

Digital first is not just about systems. Digital first is about our Members.

- Our investments in digital are focused on meeting Members where they are with simple, digital experiences that meet their needs. We drive progress through continuous improvement and value driven innovation.
- We use data and analytics to offer a seamless and secure digital experience, underpinned by best-in-class personal financial advice.
- We are relentlessly driving simplification, personalization, and speed by providing real-time information.

Digital first drives loyalty, efficiency and growth and shapes everything we do. It drives efficiencies and speed to market, freeing up time for our employees to provide advice and create meaningful relationships. We are harnessing data and artificial intelligence to deliver even more personalized experiences. By leveraging analytics, we can deliver a more seamlessly integrated value proposition to our Members.

Purpose-Driven

We are committed to creating a culture that is Purpose-Driven, with a mutually supportive relationship between measures of employee engagement and the mission of the organization. In a world of high-speed technology and instantaneous information, we realize the importance of recognizing and capitalizing on the strongest of resources—our employees. Motivated, passionate, and engaged employees are critical to fostering a culture where they share our core values and have a desire to embrace change.

Our Purpose is more than a mission, it's a multi-faceted framework that drives all aspects of our organization. It is front and center in all decisions made throughout our organization, distinguishes our Credit Union in a highly competitive financial services marketplace, and delivers unprecedented outcomes for all our Members.

Future-Ready

Our winning culture drives all of us at Justice Federal to perform at our best, with greater alignment, empowerment, and recognition than ever before. With culture fueling our performance, it is also changing the way we work—and that will accelerate our progress for the long term.

With a winning culture and a competitive employee value proposition, we are well positioned to attract and retain top talent in this environment. We strive to be an employer of choice and our focus on the strategic development of our people positions us to be one of the best credit unions. We're proud of our respected brand and our culture, which is inspiring our people to live our Purpose, while achieving their goals.

“ We are harnessing data and artificial intelligence to deliver even more personalized experiences. By leveraging analytics, we can deliver a more seamlessly integrated value proposition to our Members. ”

Energized by our winning culture, we are building greater synergy and scale to deliver winning performance. Team Justice has modelled these behaviors throughout the pandemic, as we adapted the way we work to support our Members. Our front-line employees, and those who support them, have delivered exceptional service, while other Teams adjusted to remote work and never stopped serving our Members.

In the face of challenging economic headwinds, we've maintained our commitment to help our Members make real financial progress and deliver on our Purpose. As headwinds becomes tailwinds and we transition from a post-pandemic economic reopening to what comes next, we will use this moment to do our part to strengthen the financial lives of our Members.

Sincerely,

Mark L. Robnett
PRESIDENT & CHIEF EXECUTIVE OFFICER

2021 Supervisory Committee Report

Financially Sound

Under the Federal Credit Union Act, your Supervisory Committee—appointed by the Justice Federal Credit Union (JFCU) Board of Directors—is responsible for providing assurance that JFCU's operations are carried out in a safe and sound manner in accordance with the Federal Credit Union Act and the regulations of the National Credit Union Administration (NCUA).

The Supervisory Committee is represented at all Board of Directors meetings and attends key meetings with the Board and Senior Management. We meet regularly with NCUA examiners and external auditors to monitor and evaluate internal controls that help ensure that your assets are safeguarded and that JFCU is operating effectively and efficiently. The Supervisory Committee is assisted by the Certified Public Accounting firm Doeren Mayhew, JFCU's external auditor. As one of the nation's leading CPA firms, Doeren Mayhew is comprised of cross-functional professionals delivering industry-focused expertise to more than 350 financial institutions across the nation. The 2021 Financial Statements audit report was "unmodified" indicating the financial statements of JFCU were presented fairly.

In addition to the annual audit as described above, the Supervisory Committee directs the efforts of JFCU's internal audit function. Audits of JFCU's key risk areas provide an additional layer of review of the effectiveness of the internal control mechanisms used by JFCU. Tests and reviews are performed on the overall system of internal controls and ensure adherence to policies and procedures and accounting principles, as well as compliance with Federal Regulations.

The NCUA also conducts annual examinations. In 2021, the NCUA again examined JFCU. During the examination, the NCUA looked at seven major risk areas: Credit Risk, Interest Rate Risk, Liquidity Risk, Transaction Risk, Compliance Risk, Strategic Risk and Reputation Risk.

The Supervisory Committee reports that JFCU continues to remain in compliance with laws and regulations, operates in a sound manner, and is capable of withstanding business fluctuations.

The Supervisory Committee also acts as an ombudsman for Members. If ever you need assistance that cannot be resolved through normal channels, we encourage you to contact us at the following address:

The Supervisory Committee
Attention: Supervisory Committee Chair
P.O. Box 231381, Centreville, VA, 20120-1381

Sincerely,

Angela Ting
SUPERVISORY COMMITTEE CHAIR

Comparative Balance Sheet

ASSETS	2021	2020
Gross Loans	641,164,321	611,710,318
Allowance for Loan Losses	(5,069,330)	(7,002,527)
Net Loans	636,094,991	604,707,790
Cash & Cash Equivalents	82,853,264	92,363,821
Investments	161,688,744	115,854,702
Other Assets	56,070,569	48,772,964
Total Assets	936,707,568	861,699,277
Liabilities		
Accounts Payable	5,757,479	6,146,301
Notes Payable	30,000,000	30,000,000
Dividends Payable	669,827	764,355
Accrued Expenses	5,608,045	5,434,929
Total Liabilities	42,035,351	42,345,585
Member Shares		
Regular Shares	269,701,888	240,788,586
Share Draft	190,600,824	173,689,593
Money Market	172,131,473	150,410,854
IRA	11,153,120	11,932,407
Share Certificate	146,797,409	144,665,643
Total Member Shares	790,384,714	721,487,083
Regular Reserves	6,635,800	6,635,800
Undivided Earnings	100,125,215	90,123,053
Unrealized Gain / (Loss)	(2,473,512)	1,107,757
Total Reserves	104,287,503	97,866,609
Total Liabilities, Member Shares and Reserves	936,707,568	861,699,277

Comparative Income Statement

INCOME	2021	2020
Loan Income	31,956,253	32,117,357
Investment Income	2,059,198	2,380,847
Other Income	8,780,976	8,018,191
Total Income	42,796,427	42,516,395

Expenses

Dividend Expense	3,402,332	4,249,660
Compensation & Benefits	16,303,969	16,315,236
Office Occupancy & Operations	7,668,947	6,841,256
General & Admin. Expenses	5,337,121	3,519,231
Provision for Loan Losses	(562,177)	4,737,515
Interest on Borrowed Money	644,073	879,726
NCUSIF Premium Assessment	—	—
Total Expenses	32,794,265	36,542,624
Net Operating Income	10,002,162	5,973,771
Net Income	10,002,162	5,973,771

Executive Leadership Team

2020 – 2021 BOARD OF DIRECTORS

Ellen Warwick, *Chair*

Gregory P. Polonica, *Vice Chairman*

John F. Greaney, *Treasurer*

Joan A. Buckley, *Secretary*

Emily F. Kaplun

Angela Ting

Roger L. Trott

Thomas L. Wiseman

Mary Ann Woodson

2020 – 2021 SUPERVISORY COMMITTEE

Angela Ting, *Supervisory Committee Chair*

Robin A. Stark-Nutter, *Secretary*

Andrew Gibson III

Lamonte D. Purdie

EXECUTIVE MANAGEMENT

Mark L. Robnett, *President & CEO*

David Jensen, *Senior Vice President Finance*

Karen Bohn, *Senior Vice President Operations*

Ashish Shroff, *Senior Vice President Information Services*

Dianna Wilson, *Senior Vice President Lending*

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