

TOMORROW STARTS TODAY

Connecting ★ Learning ★ Adapting ★ Innovating

2018



ANNUAL REPORT

TOMORROW *STARTS TODAY*

We aren't waiting for the future to arrive.
We're creating it.

Connecting. Learning. Adapting. Innovating.

Finding new ways to be relevant.

Ready for what comes next.



The next chapter

We have just completed another milestone year in Justice Federal's remarkable history. It was a year of record performance with an increase in membership and solid growth in consumer lending.

This year also marked an important transition in the Credit Union's leadership, with the appointment of Mark Robnett as President and Chief Executive Officer on September 17, 2018.

The Board of Directors has great confidence in Mark, and the Management Team he leads. We believe they and the Credit Union are well positioned to face the new challenges and opportunities that await us. Mark and his team have our full support and confidence as they forge new strategies that continue to deliver strong results for Justice Federal. We endorse Mark's commitment to delivering an industry-leading Member experience, while promoting employee engagement and strengthening a culture united as one team.

On behalf of the Board of Directors, I extend our thanks to all Justice Federal's employees for their contributions to our success in 2018. They have been quick to recognize their Members' changing needs, and have responded efficiently and effectively, without sacrificing the human touch that sets the Credit Union apart. As the pace of change accelerates, this ability to adapt will give Justice Federal a competitive edge.

We thank you—our Members—for your faith in us to represent your interests. We take great pride in the Credit Union and we consider it a privilege to serve you. Strong as our past has been, we believe the best is yet to come.

Warm Regards,

Mary Ann Woodson

CHAIRMAN OF THE BOARD

It starts today

Justice Federal is on the move. Adapting. Innovating. Working hard to anticipate Members' expectations and delivering value to our Members, always.

We are making decisions today driven by where our Members want to go next. We're moving into the future, and motivated by the strong results of another record year.

In 2018, assets rose to \$779.7 million, an increase of over \$27 million. Share deposits grew to \$609 million. Consumer loans increased 16%, driven by sustained growth in mortgages and home equity loans. We originated \$66 million in mortgages and \$87.4 million in home equity loans. With expenses well managed, we improved efficiencies and invested for the future.

In early spring, Justice Federal acquired Guardian First Federal Credit Union in Ft. Worth, Texas, expanding our services to employees of the Federal Bureau of Prisons. Two new branches followed; one within FBI Dallas, and the other within FBI Atlanta, bringing our total number of branches to twenty-eight.

The Justice Federal Credit Union Foundation began extending grants to reduce hardship and improve the lives of Members and their families. The Foundation plays a vital role in assisting those who have experienced injury, illness, a catastrophic life event or natural disaster. The Foundation also awarded scholarships in honor of the late John Patrick O'Neill, former SAC, the late Enrique S. "Kiki" Camarena, former DEA Agent, and the late John A. Wagner, Jr. graduate of the 116th FBINAA Session.

We remained extremely active in support of our Affinity partners with representation at national conferences year-round. We attended the FBI National Academy Associates' "One Profession, No Borders," National Annual Training Conference in Quebec City, Canada, where we received "Diamond" partnership recognition. At the FBI Academy in Quantico, we established Member relations with FBI agents at each new session thru the Onboarding New Employees (O.N.E.) program.

We extended our reach with the law enforcement community by welcoming the Concerns of Police Survivors, (C.O.P.S.) to our field of membership, rolled-out a C.O.P.S. affinity credit card, and launched "Everyday Heroes" a special website page dedicated to recognizing the everyday heroic efforts of those who serve.

Member service satisfaction continues to be at a high level, raising our value proposition. Our Member Service Center responded to nearly 10,000 emails, and answered over 112,000 calls, with an average wait time less than 49 seconds. Members rated service satisfaction an overall 4.7, out of a score of 5.0.

Our strategic priorities map out a clear and proven path to value creation. All key metrics point to robust, sustainable performance across the Credit Union. In addition, we continue to build a competitive advantage.

Our marketing continues to set us apart from our competitors as it establishes a bond with the justice and law enforcement community, offering products and services reflective of the unique needs of our Members and Affinity partners. We garnered national attention and an overwhelming response to a high-yield share certificate offering a rate that exceeded the national average.

We listen—very closely—to our Members to identify opportunities for growth.

Teams in every area of the Credit Union have concrete suggestions for further streamlining processes, simplifying our structure and erasing traditional boundaries. We're putting these ideas into action: Reducing complexity. Making it easier to get work done, and directing our energy toward creating even more compelling Member experiences.

Thinking like a Member

Our focus is on creating end-to-end Member journeys, from first interaction to long-term loyalty. This requires two building blocks: The first is technology, and how we seamlessly integrate human and digital interactions to get even closer to our Members. The second is convenience. We understand our Members value convenience, speed and simplicity. We offer freedom with banking on the move, knowing that transactions are private and secure. And, when Members have questions, they can reach us quickly—in person, by phone, or secure email. Our IT architecture supports all the ways we connect, today and tomorrow.

A rewarding Member journey also requires understanding—analyzing the information Members share with us to better appreciate their goals and challenges. We're thinking like our Members, guided by insights into what they prefer, and what works best from their perspective. And from there we're creating more personalized products, services and experiences.

Whether our Members are saving for the future, seeking to buy a new home or vehicle, or confronted with a financial difficulty, we understand the challenges that they are managing because we've had to manage them ourselves. Everyone at Justice Federal, no matter what their role, is committed to fulfilling our Member promise. We are here to help. We are people helping people.

The future starts now

As we look ahead, expectations are high. And so is our confidence in the Credit Union's ability to exceed them. We have the depth of talent. A diverse, inclusive and equitable workplace and a level of employee engagement that places Justice Federal at the top of our industry, alongside the best.

We're moving ahead, ready to capitalize on every advantage—our wealth of Member insights, the right investment into technology, the discipline to keep things simple, and the power of a brand that makes banking personal and intuitive. We share a belief that the future starts now.

Mark L. Robnett

PRESIDENT & CHIEF EXECUTIVE OFFICER

Financially sound

Under the Federal Credit Union Act, your Supervisory Committee— appointed by the Justice Federal Board of Directors— is responsible for providing assurance that the Credit Union'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 Executive team. 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 Justice Federal is operating effectively and efficiently.

The Supervisory Committee is assisted by the Certified Public Accounting firm Doeren Mayhew, the Credit Union'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 2018 audit report was "unmodified" indicating the financial statements of the Credit Union were fairly stated.

In addition to the annual audit as described above the Supervisory Committee through Co-Pilot, LLC, directs the efforts of the Credit Union's internal audit function. These periodic audits provide an additional layer of review of the effectiveness of the financial control mechanisms used by the Credit Union. Tests and reviews are performed on the overall system of internal control, adherence to policies and procedures, and accounting principles, as well as compliance with Federal Regulations.

The NCUA also conducts annual examinations. In 2018, the NCUA again provided an overall rating indicative of a well-operated Credit Union serving the needs of the Members. The NCUA looked at seven major risk areas: Credit Risk, Interest Rate Risk, Liquidity Risk, Transaction Risk, Compliance Risk, Strategic Risk and Reputation Risk.

Based on the NCUA Examination Report, the Supervisory Committee reports that Justice Federal continues to remain in compliance with laws and regulations, operating in a sound manner, and capable of withstanding business fluctuations.

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

Respectfully submitted,

John Griffin

SUPERVISORY COMMITTEE CHAIRMAN

COMPARATIVE BALANCE SHEET

ASSETS	2018	2017
Gross Loans	617,650,860	533,807,156
Allowance for Loan Losses	(5,990,872)	(4,249,265)
Net Loans	611,659,988	529,557,891
Cash & Cash Equivalents	45,985,818	15,254,187
Investments	85,857,322	144,293,475
Other Assets	36,206,642	63,533,463
Total Assets	779,709,770	752,639,016
Liabilities		
Accounts Payable	6,384,834	8,454,336
Notes Payable	80,000,000	70,000,000
Dividends Payable	657,005	407,391
Accrued Expenses	5,666,224	4,599,730
Total Liabilities	92,708,063	83,461,457
Member Shares		
Regular Shares	196,734,027	187,682,318
Share Draft	140,773,489	145,805,114
Money Market	131,727,381	136,072,938
IRA	11,507,492	11,439,416
Share Certificate	128,552,884	110,980,130
Total Member Shares	609,295,273	591,979,916
Regular Reserves	6,635,800	6,591,509
Undivided Earnings	73,423,920	72,035,644
Unrealized Gain / (Loss)	(2,353,286)	(1,429,510)
Total Reserves	77,706,434	77,197,643
Total Liabilities, Members' Shares and Reserves	779,709,770	752,639,016

COMPARATIVE INCOME STATEMENT

INCOME	2018	2017
Loan Income	32,079,541	27,162,587
Investment Income	3,092,114	3,246,468
Other Income	7,415,836	7,719,208
Total Income	42,587,491	38,128,263
Expenses		
Dividend Expense	2,729,319	2,277,994
Compensation & Benefits	15,900,522	14,397,809
Office Occupancy & Operations	7,141,998	6,721,149
General & Admin. Expenses	7,427,602	6,541,738
Provision for Loan Losses	6,437,136	2,853,941
Interest on Borrowed Money	1,562,638	844,121
NCUSIF premium assessment	—	—
Total Expenses	41,199,215	33,636,752
Net Operating Income	1,388,276	4,491,511
Net Income	1,388,276	4,491,511

Management

BOARD OF DIRECTORS 2018-2019

Mary Ann Woodson, *Chairman*

Roger L. Trott, *Vice Chairman*

John F. Greaney, *Treasurer*

Joan A. Buckley, *Secretary*

Emily F. Kaplun

Gregory P. Polonica

D. Jerry Rubino

Angela Ting

Thomas L. Wiseman

Thomas J. Baker, *Director Emeritus*

SUPERVISORY COMMITTEE 2018-2019

John Griffin, *Chairman*

Joanne Legomsky

Robin A. Stark-Nutter

Roberta Wong-Brink

EXECUTIVE MANAGEMENT

Mark L. Robnett, *President & CEO*

Dianna Wilson, *Senior Vice President, Lending*

David Jensen, *Senior Vice President, Finance*

Susan Baugh, *Vice President, Risk & Compliance*

Contact Information

HEADQUARTERS

Justice Federal Credit Union
5175 Parkstone Drive, Suite 200
Chantilly, VA 20151

PHONE

703.480.5300 • 800.550.5328

EMAIL

jfcu@jfcu.org

WEBSITE

www.jfcu.org



Federally Insured by NCUA



*Serving
Justice Across
the Nation[®]*





Justice Federal Credit Union
Headquarters
5175 Parkstone Drive, Suite 200 | Chantilly, VA 20151
www.jfcu.org