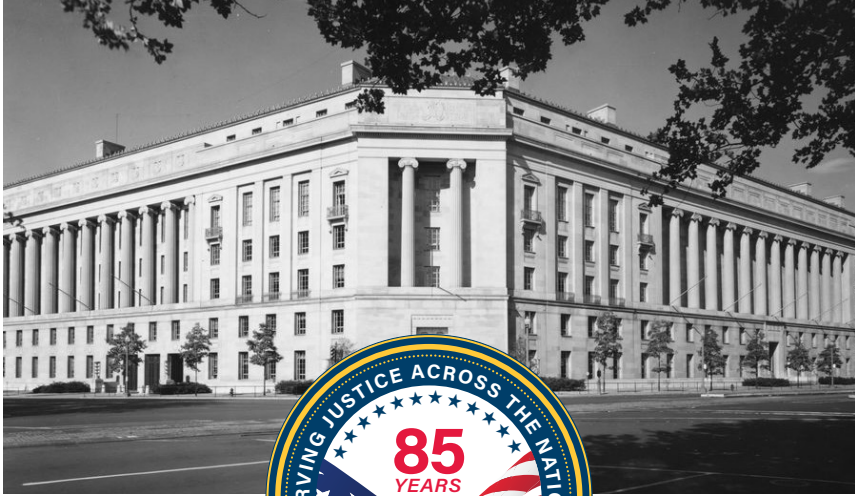


2020 ANNUAL REPORT

FUTURE FOCUSED

ADAPTING
INNOVATING
RENEWING
TRANSFORMING





Your Future. Our Focus.

In 1935 twelve Department of Justice employees organize to form a credit union offering employee access to low-cost loans and deposit accounts.

With only \$137 in assets and 41 charter members, The Department of Justice Federal Credit Union is founded, known today as Justice Federal Credit Union.

85 years later, we continue our commitment to create lasting value for Members of the justice and law enforcement community.

FORWARD.

When you've been
around for 85 years,
you know the value
of staying agile.

Strategically
focused.

Always ready for
what comes next.

Because life
only moves in
one direction.

Forward.

CHAIRMAN'S MESSAGE

Future Focused

Economically, 2020 was a challenging year, dominated by a single event: the global coronavirus pandemic. The pandemic disrupted countless lives, strained healthcare systems to their limits and sparked an economic downturn the country is still working to overcome.

When the impact of COVID-19 became clear, Justice Federal moved quickly to safeguard the health of its employees and Members. Then our Justice Team focused on what they do best: providing support and advice to the thousands of Members who count on our help to achieve their financial goals and pursue their dreams for the future.

In the course of our 85 years in business, it is our tradition of being there for our Members in times of need that sets us apart. By being there for our Members, we were able to reach our eighty-five year milestone with pride, and we look forward to the future with optimism.

It is gratifying for the Board of Directors that the Credit Union's financial performance over the past 12 months has been excellent—even more so knowing the uncertain conditions under which those results were achieved. This achievement was the direct result of the Credit Union's continuing efforts to put Members first, which is at the core of the business strategy led by our Chief Executive Officer, Mark Robnett, and his management team. Mark and his team have strengthened the Credit Union in every dimension and mentored the Credit Union's next generation in an exemplary way.

As the Credit Union continues to grow with new Members and capitalize on new opportunities, I want to take a moment to recognize the efforts of all employees for working as one team and delivering on our many accomplishments. These efforts would not be possible without their creativity, talent and passion.

Justice Federal's excellent results in 2020 validate our long-term journey of improvement and change. The investments we made in 2020 were the first step in our multi-year transformation to strengthen our capabilities and continue to improve the Member experience we deliver. The Board of Directors fully supports the management team and looks forward to working closely with them, as they capitalize on

new opportunities to ensure the Credit Union remains well positioned for the future.

On behalf of the Board of Directors, I am pleased to report that your Credit Union is financially sound and performing well, as demonstrated by the 2020 financial results. We all take great pride in serving Justice Federal, which ranks among the most respected and long-lived financial institutions. We thank all of our Members for your continuing confidence in us to represent your interests. For us, as your representatives on the Board, it is our privilege to serve you.

Warm Regards,

Mary Ann Woodson

CHAIRMAN OF THE BOARD

PRESIDENT'S REPORT

Adapting. Innovating. Renewing. Transforming.

This is how we've sustained our Credit Union's progress

Justice Federal now has marked its 85th year of business—moving forward, confident in a clearly defined strategy. We've been putting the pieces in place to continuously deliver greater value to each of our Members. And we're seeing concrete, measurable proof that it's paying off. The numbers add up, our strategy is working. The actions we have taken to advance the Credit Union's strategic priorities have been consistent, effective and on target.

The result is our record performance in 2020. We ended the year with Total Assets of \$861.7 million and a Liquidity Ratio of 13.32% with a substantial reduction in debt, while maintaining a Return on Asset Ratio of 0.72% and a Net Worth of 11.55%. Moreover, we have achieved this level in an environment where more optimistic scenarios had to be set aside due to a global Pandemic: interest rates remained at all-time lows, unemployment was at record highs, and economic growth unpredictable. What's more, it was a year of extraordinary political change with a landmark U.S. presidential election that defied predictions.

Through all of these changes, and often despite them, our Credit Union achieved robust growth against the key metrics of progress. Building momentum was evident, and our performance measures confirm that our overall strategic focus is delivering sustainable value.

We continued strong growth in deposits and loans. We ended the year with \$721 million in Total Deposits, a growth of \$81 million, and \$612 million in Total Loans, a growth of \$49 million.

Record low interest rates resulted in our highest volume year in First Mortgage lending as Members seized the opportunity to refinance their existing home or purchase a new home. While the majority of our Members were able to strengthen their financial foothold, evident in increased savings deposits, unfortunately, well over 1,000 Members and their families had the need to seek financial assistance. The Credit Union responded by deferring loan payments, which served to help them regain their financial footing on the path towards financial wellness.

These results underscore the strength of our business model. They also reflect the impact of sustained investment in a technology infrastructure,

which enhances the Member experience while allowing us to do more, quickly and efficiently, to generate steadily increasing value.

In every part of the Credit Union, we are balancing decisions to improve operating efficiencies with those that benefit Members and enable future growth. By investing strategically in advanced digital technology, we can deliver faster, simpler transactions; higher-quality information; more personalized offers; and consistent, streamlined communications. At the same time, we're changing how we work, redefining roles, introducing new training and support systems, to ensure everyone across the Credit Union is empowered to create maximum positive impact while delivering on our vision, "To be the unwavering partner to the justice, and law enforcement community."

We are doing what we set out to do, confident that we can build on this momentum. And our confidence is more than a feeling, it is the ability to act. We've reshaped the Credit Union while reinforcing our core strengths.

“ Next week. Next year.
The next big idea that changes
everything. ”

In 2020, we recognized that there would never be a better opportunity to re-evaluate our market presence, and we acted. We made changes to our branch network which is part of a broader commitment to transform our banking footprint. The positive impacts of that transformation are evident today. The Credit Union is ideally positioned for further growth, thanks to a unique set of advantages: diversification in key geographies that align with the concentration of our core Members; a strong balance sheet and capital position; a consistent and disciplined approach to managing risk; an unwavering commitment to regulatory compliance; employee engagement; a long-standing investment in recruiting, developing and retaining talented people; and a trusted brand that anchors everything we do.

These interrelated strengths are the preconditions of sustainable growth. And underpinning them all is the disciplined way in which we deploy technology—a strategic priority of the Credit Union.

PRESIDENT'S REPORT

Banking has changed to meet the needs of a changing world. A few factors in particular are shaping the future of our industry:

- Members feel empowered by technology. They expect instant, secure transactions, personalized service whenever they want it, control over their choices, and the freedom to change their minds.
- The competitive landscape is shifting. We're constantly adjusting and reinventing, replacing outdated models and rethinking practices to ensure their relevance, especially in uncertain times, such as with the COVID19 Pandemic.
- Innovation means rethinking. New and emerging capabilities—mobile, social media, big data, cloud computing inspire us to challenge old assumptions, even as we demonstrate the value of grounding creativity in experience.

We're facing the future with confidence.

Partway through a multi-year transformation, our Credit Union is more productive, more effectively enabled by technology and more closely attuned to Members' goals and aspirations. We have a clear plan, aligned with our vision and anchored in our strategic priorities. And it's yielding tangible, sustainable results.

In every area of our business, Members are benefiting from the enhanced capabilities of our technology platform. Our re-engineered IT architecture allows us to work more flexibly and cost-efficiently. The capabilities we are enabling, from mobile account opening to streamlined digital banking with tools like remote deposit and billpay, make doing business with our Credit Union faster and easier.

However, the ultimate goal remains the same: to forge deep, mutually rewarding relationships with our Members.

Our Members need to know that if a question comes up in the moment, they can count on quick access for a reply via online chat to provide the right answer. Alternatively, if they need help in resolving a complex issue they can connect with a dedicated Justice Federal representative. And as we work with them to evaluate options, the wealth of data we all have at our fingertips yields deeper insights and fuels conversations that are more productive. Uncertainty is replaced by clarity, and competing possibilities coalesce into well-defined plans.

Justice Federal's technology and data capabilities are transforming the experience of Members to be intuitive, personalized, relationship-focused, and this is what distinguishes us from others. It's what we mean when we say we're creating a more personal Credit Union for a digital world. Our overarching aim is to deepen Member loyalty, and to grow shares as a result. In all of these efforts, we judge ourselves against a standard set by the industry, while the presence we're building across Justice Federal's footprint is distinctly our own.

“ We're building on what works to create a future that works even better. ”

Our business model works.

Justice Federal Credit Union's history shows us what happens when generations of individual and collective vision, strategy, energy and performance are released, channeled and put to work for Members.

Time and again, the leadership and people of the Credit Union have risen to meet an astonishing variety of economic, financial, social, political and technological challenges and opportunities. Time and again, Justice Federal has confronted and tamed those challenges and taken advantage of those opportunities. Our gaze is firmly fixed on the future, but we will never lose sight of our history and the achievements that bound us to the tradition of our fore-bearers.

We've shown the value of staying agile—for 85 years. The final dimension that distinguishes our Credit Union is perspective. The challenges we face today are not so different, at their core, from those we've tackled in the past. Yet we know our thinking must constantly evolve as market conditions and the broader social context change.

In marking our 85-year milestone, we're focused on the Credit Union's proven ability to adapt and innovate as we refine our strategy to meet the challenges of tomorrow.

The success we've built over eighty-five years is proof of our fundamental business agility. In booms and recessions, through dramatic shifts in culture and technology, we've found that the insight forged by experience enables us to manage change, to drive and shape it, and to help our Members do the same.

PRESIDENT'S REPORT

We're creating a banking experience that is distinctly Justice Federal. And we're making it easier for our Members to stay on top of change. We're here to help.

We're paying close attention to what Members want.

It starts with listening closely, making sure we understand how Members think and trying to see things from their perspective. We focus on thousands of critical details, from the design of a branch or a mobile app, to the way we chat online or across a desk. And working to make every interaction easy and satisfying as we help Members manage their financial lives and plan for the future.

During the past year, the world grappled with uncertainty in the face of rapid, sometimes uncomfortable change. Through 85 years in business, we've seen that keeping pace with expectations is a perpetual challenge. An enterprise that is inattentive to what people want, or that tries to impose or constrain choice, quickly becomes irrelevant.

Ensuring Justice Federal's relevance starts with the fundamentals of how we do business. Members expect us to provide an evolving array of products and services that are readily accessible. Even more importantly, we're expected to do business in a responsible manner. In order to earn and maintain trust, institutions must address people's expectations fully and responsibly. The leaders of institutions must be equally accountable for their actions—and our Credit Union is no exception. Sustainability is not an add-on. It's core to our strategy.

The Credit Union's activities are guided by our strategic priorities, which frame our decision-making and help us gauge progress over the long term. While these priorities may evolve to reflect the changing business environment, they are anchored by a commitment to create lasting value for all of our Members.

We have one simple rule: Look forward.

The strategic actions our Credit Union has taken, with discipline and over time, are the prerequisites of sustainable growth: people, capital, reputation and record of accomplishment. The pieces are in place—our 2020 results confirm it. And there's more to come.

Building Member loyalty remains our first priority, because it's the key to sustainable growth. This is something Justice Federal has understood from its earliest days, in a journey not simply of endurance, but of enduring relevance to our Members. We have a deep sense of continuity that gives us confidence as we deliver on our promise to Members, and as their success continues to drive our own. And yes, we're looking forward to the future.

Sincerely,

Mark L. Robnett

PRESIDENT & CHIEF EXECUTIVE OFFICER

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 2020 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. Periodic 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 2020, 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 Chairwoman, P.O. Box 231381, Centreville, VA, 20120-1381.

Sincerely,

Ellen Warwick

SUPERVISORY COMMITTEE CHAIRWOMAN

COMPARATIVE BALANCE SHEET

ASSETS	2020	2019
Gross Loans	611,710,318	563,059,694
Allowance for Loan Losses	(7,002,527)	(4,432,576)
Net Loans	604,707,790	558,627,119
Cash & Cash Equivalents	92,363,821	119,296,897
Investments	115,854,702	67,526,758
Other Assets	48,772,964	43,947,064
Total Assets	861,699,277	789,397,837
Liabilities		
Accounts Payable	6,146,301	6,260,288
Notes Payable	30,000,000	45,000,000
Dividends Payable	764,355	815,961
Accrued Expenses	5,434,929	6,251,544
Total Liabilities	42,345,585	58,327,793
Member Shares		
Regular Shares	240,788,586	198,267,832
Share Draft	173,689,593	146,354,182
Money Market	150,410,854	128,613,862
IRA	11,932,407	11,497,048
Share Certificate	144,665,643	155,779,366
Total Member Shares	721,487,083	640,512,290
Regular Reserves	6,635,800	6,635,800
Undivided Earnings	90,123,053	84,149,282
Unrealized Gain / (Loss)	1,107,757	(227,328)
Total Reserves	97,866,609	90,557,754
Total Liabilities, Members' Shares and Reserves	861,699,277	789,397,837

COMPARATIVE INCOME STATEMENT

INCOME	2020	2019
Loan Income	32,117,357	34,321,662
Investment Income	2,380,847	3,089,310
Other Income	8,018,191	9,186,604
Total Income	42,516,395	46,597,576
Expenses		
Dividend Expense	4,249,660	3,558,286
Compensation & Benefits	16,315,236	15,203,949
Office Occupancy & Operations	6,841,256	7,036,942
General & Admin. Expenses	3,519,231	6,289,718
Provision for Loan Losses	4,737,515	2,340,960
Interest on Borrowed Money	879,726	1,442,359
NCUSIF premium assessment	—	—
Total Expenses	36,542,624	35,872,214
Net Operating Income	5,973,771	10,725,362
Net Income	5,973,771	10,725,362

Executive Leadership Team 2020-2021

BOARD OF DIRECTORS

Mary Ann Woodson, *Chairman*

Roger L. Trott, *Vice Chairman*

John F. Greaney, *Treasurer*

Joan A. Buckley, *Secretary*

Emily F. Kaplun

Gregory P. Polonica

Angela Ting

Ellen Warwick

Thomas L. Wiseman

SUPERVISORY COMMITTEE

Ellen Warwick, *Chairwoman*

Andrew Gibson III

Lamonte D. Purdie

Robin A. Stark-Nutter

EXECUTIVE MANAGEMENT

Mark L. Robnett, *President & CEO*

Dianna Wilson, *Senior Vice President, Lending*

David Jensen, *Senior Vice President, Finance*

Karen Bohn, *Senior Vice President, Operations*

Ashish Shroff, *Senior Vice President, IT*

Susan Baugh, *Vice President, Risk & Compliance*



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

