

# 2020 ANNUAL REPORT

together  
WE serve  
& INSPIRE  
TO transform  
LIVES

**NW**  
NORTHWEST  
FEDERAL CREDIT UNION

*Together, we serve and inspire to transform lives*



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## Board of Directors



**Gerianne “Winky” Burks**  
Chair

**Barbara Holmes**  
Director

**Tom Conroy**  
Vice Chair

**John Nelson**  
Director

**Dawn Eilenberger**  
Secretary

**Jeanne Tisinger**  
Director

**Chuck Molina**  
Treasurer

**Mark Rumbarger**  
Associate Director

**Bill Coquelin**  
Director

**Patti Fraser**  
Associate Director

**David Eldred**  
Director

**Mary Corrado**  
Director Emeritus

## Executive Team



**Jeff Bentley**  
President/Chief  
Executive Officer

**Alex Lane**  
SVP Operations

**Joseph R. Hasto, Jr.**  
SVP/Chief Financial  
Officer

**Jeff Margeson**  
SVP Member  
Experience

**Michael Kapfer**  
SVP/Chief Information  
Officer

**Jean Cain**  
SVP HR & Talent  
Development

**Erin Krause**  
SVP Lending

**Leslie Houseman**  
Chief of Staff

## Supervisory Committee



**Margaret Augustine**  
Chair

**Christine Perritt**  
Committee Member

**Charles Barlow**  
Vice Chair

**Susan Wilson**  
Committee Member

**Sandra Oliver**  
Committee Member

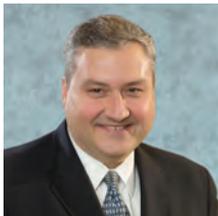
**Robert Grieve**  
Associate Member

# Report from the Chair and President/CEO



## Last spring, everything changed.

A global pandemic upended the lives of nearly every American and resulted in record unemployment. With member and employee safety of paramount concern, Northwest Federal Credit Union followed public health guidelines while ensuring business continuity and accessibility to funds for our members.



COVID-19 ignited financial uncertainty that still continues today. However, members can count on the stability of Northwest Federal. Our history of conservative management and strong loan originations has contributed to our strong capital position that provides us a solid foundation to weather future economic uncertainties. Our careful planning over the years paid off.

While the pandemic required swift action, Northwest Federal was able to calmly respond from a position of strength. We deleveraged our loan portfolio to further reduce risk. Our solid financial footing allowed us to respond to the new economic reality without taking drastic measures, such as large-scale employee reductions, that would have negatively affected our ability to serve members.

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## Northwest Federal's balance sheets and loan portfolios remain strong.

As a Small Business Administration (SBA) approved lender, we were able to quickly help businesses that desperately needed Paycheck Protection Program (PPP) funding to keep their employees on the payroll. We were there when other financial institutions turned away businesses needing financial assistance.

**In 2020 we funded 1,560 loans to small businesses totaling \$111,451,354.**

We are optimistic as we move forward in 2021. But we want to take this time to reflect on the past year. As we look back on 2020, we recognize our accomplishments are your accomplishments. Whether through the opening of a new branch location, launching a new member rewards program, or updating existing technology, we remain invested in understanding our members' needs. Northwest Federal's ultimate desire is to maintain strong relationships with our members and the communities in which we serve.

We hope that despite the challenges of 2020, you will join Northwest Federal as we reflect on how your loyalty made

a difference in our ability to fulfill our "Why" statement: Together, we serve and inspire to transform lives.

## STRATEGIC GROWTH

In May 2020, Northwest Federal's pledge to improving the member experience led to the opening of our newest location in Loudoun County. Situated in a vibrant mixed-use community, One Loudoun Branch is our tenth public branch and the third in Loudoun County. The additional location will help serve over 7,000 members and business accounts in Ashburn, Virginia, and the surrounding area by providing more convenient access to banking services.

Following the Arlington and Middleburg branch openings in 2019, One Loudoun marks our third branch opening in two years. As we have done with prior strategic expansions, Northwest Federal will be involved with the Loudoun Chamber of Commerce and engage in philanthropic partnerships with local organizations.

## TECHNOLOGY ENHANCEMENTS

We have a new look, but our commitment remains the same. As part of our long-term commitment to improving our member experience, Northwest Federal launched an updated eBanking platform in August 2020. Our Desktop and Mobile experience received a makeover that included a new intuitive layout, which simplified navigation.

Members can more easily access accounts, apply for a loan or pay a bill, all from the convenience of their mobile device. Less time completing these tasks allows members to focus on the more important things in life.

## NEW REWARDS FOR MEMBERS

Members asked for a more rewarding credit union experience, and we responded. In September 2020, Northwest Federal introduced the NOW REWARDS - Premier Points program. This loyalty program rewards members for choosing Northwest Federal as their financial institution by offering:

- Up to 2% cash back on everyday purchases made with the NOW REWARDS card
- Additional rewards with select in-store and online merchants through our partnership with Ampre
- One of the lowest Annual Percentage Rates (APRs) in the country and no annual fee

Cardholders have the peace of mind that comes from using a card with fraud protection, purchase protection, and travel assistance included at no additional cost. Northwest Federal is proud to offer a program that demonstrates the high value we place on relationships.

## COMMITMENT TO COMMUNITY

School closures, rising unemployment, and the limited ability to offer in-person assistance didn't stop the NWFCU Foundation, Northwest Federal Credit Union's charitable arm, from providing meals, clothes, and services to those in need. While the pandemic severely affected volunteer opportunities, Northwest Federal employees still contributed over 3,600 hours to local organizations. Understandably, the demand for essentials dramatically increased in 2020.

### Food and Clothing Essentials – By the Numbers

The Foundation cared for our community by providing:

- Over 33,000 food items
- More than 51,000 diapers
- Nearly 1,000 coats

Growing food insecurity led to the distribution of nearly 10 times as many items compared to 2019.

Northwest Federal cares about the direct impact on the people and communities in which we live and serve. We understand that responding to these increased needs was made possible only because of loyal members and dedicated employees.

### Scholarships – By the Numbers

The NWFCU Foundation Scholarship Program awarded \$110,000 to 22 undergraduate students who are following a variety of career paths. Another \$20,000 was donated to Northern Virginia Community College to support their Helping Hands and Lifeline programs.

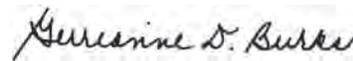
Eligible students needing emergency financial assistance benefited from the additional funds donated to Howard University's Alumni Association Emergency Scholarship Fund. The Foundation donated \$5,000 to help these students continue their education in the wake of unforeseen financial hardships.

## THE YEAR AHEAD

We will never be satisfied with the status quo. Every Northwest Federal Credit Union employee is committed to finding better ways to serve our members. That might be through large initiatives, such as new technologies and product launches. It might also be in smaller, but equally important ways, such as completing an in-person branch transaction. We will continue listening to our members and implementing changes to further improve the credit union experience, while making a difference in our communities.

This past year, our community faced unprecedented challenges. While you may still feel the lingering effects of 2020, we want to remind you that you are not alone. Northwest Federal stands together with every credit union member, employee and member of our community.

Thank you for letting us serve you. We look forward to a healthy and prosperous 2021.



**Gerianne "Winky" Burks**  
Chair



**Jeff Bentley**  
President/CEO

## 2020 BUSINESS & COMMUNITY SERVICE AWARDS

### Virginia's 2020 Governor's Volunteerism and Community Service Award

**Awarded to organizations, businesses, and individual volunteers for significantly contributing to the life and welfare of the Commonwealth and its citizens.**

*"Each of us makes a difference during our lives. It's our obligation to use our time here to make as deep and as meaningful an impact as possible."*

**Gerianne "Winky" Burks**  
Chair

### Leadership Fairfax 2020 Corporate Leadership Award

**This award recognizes outstanding leaders making a difference in the Northern Virginia community.**

*"One of Northwest Federal's goals has always been to positively impact people's lives, including our members, employees and the communities we serve. Receiving this award is especially meaningful for our organization because it recognizes the work we have done to fulfill this goal."*

**Jeff Bentley**  
President & CEO

### 2020 Washington Post Best Places to Work

**Northwest Federal Credit Union was among 200 large, medium and small companies to receive this honor in 2020. Over 120,000 employees in the Washington area decided the winners.**

*"We are humbled and honored to be named among other leading employers in the area."*

**Jeff Bentley**  
President & CEO

# Report from the Treasurer & Financial Management Committee



Northwest Federal Credit Union continued to drive success in 2020, despite the challenges created by the COVID-19 pandemic, by building value-added financial relationships designed to serve the communities in which we do business.

The credit union's assets grew considerably in 2020, increasing to over \$4.2 billion from \$3.6 billion in 2019. Deposit balances grew as members chose to save more and spend less due to the financial ambiguity created by the pandemic. Total Deposits increased nearly \$433 million, to \$3.43 billion as the credit union focused on serving members' needs in a very challenging environment. The credit union continued to create additional convenience as it opened a new branch at One Loudoun in June 2020.

The credit union funded nearly \$1.9 billion in loans during 2020. The low rate environment was a primary reason the credit union was able to fund \$747 million in First Mortgage loans, helping our members to save money each month to achieve their personal goals. Additionally, the credit union funded \$935 million in Auto loans in 2020.

The Small Business Administration-led Paycheck Protection Program (PPP) was initiated as a means to help businesses stay afloat during the early days of the pandemic. This created an opportunity for Northwest to help our current members and gain new members. Numerous small businesses which were considered too small to be served by their bank approached Northwest Federal to help them work through the PPP process. The credit union funded over \$100 million of PPP loans for our members, which placed Northwest in the top-20 nationwide of all credit union PPP originators. It is fair to say we helped a lot of people work through the effects of the pandemic.

The credit union's asset quality remained strong, as evidenced by the net loan loss ratio of 0.49%. The credit union earned net income of \$41.1 million in 2020 and grew assets significantly, while maintaining a net worth ratio of 10.45%. The strong net worth ratio allows the credit union to invest in improved service channels and provides a safety net for the credit union as the nation works to recover from the effects of COVID-19. The dynamic economic environment will present opportunities for the credit union to provide convenient, value-added services to our members.

Northwest Federal has maintained its core values of Service, Integrity, and Excellence while we have grown. The continued focus on employee training and development has helped to provide staff with the resources to create a better member experience. While the pandemic greatly curtailed volunteer opportunities, Northwest Federal employees volunteered over 3,600 hours in 2020 as the credit union continued its commitment to make a positive difference in our members' lives and in the communities we serve.

We are pleased to present this report to our members as evidence of Northwest Federal's strong financial strength and commitment to our members to provide convenient, safe, and sound financial services.

Thank you for choosing to be part of Northwest Federal Credit Union.



**Chuck Molina**

Treasurer, Board of Directors  
Chairman, Financial Management Committee

## NWFCU FOUNDATION SCHOLARSHIP PROGRAM

In 2020 the NWFCU Foundation awarded \$110,000 in scholarships to deserving students and an additional \$20,000 to Northern Virginia Community College for their Lifeline and Helping Hands programs.

The Foundation has awarded \$1,507,000 to a total of 332 award recipients since its inception, due in part to the generosity of NWFCU Foundation donors.

# Report from the Supervisory Committee



The changes created by the pandemic forced us all to adjust, but the superb resilience of Northwest Federal was apparent during these unprecedented times. Your Credit Union was consistently prepared and the Supervisory Committee continued its important work – uninterrupted.

Northwest Federal’s Supervisory Committee (the Committee) is a Board-appointed volunteer organization that provides an additional layer of checks and balances to the Credit Union’s governance structure. The Committee works on behalf of the membership by providing an independent view of Northwest Federal’s safety and soundness by:

- Monitoring the financial health of the Credit Union.
- Monitoring the controls, policies and systems put in place by the Credit Union to mitigate financial, operational, and compliance risks.
- Investigating perceived violations of Credit Union rules and policies or unethical behavior.

We are honored to serve you, the Members, in this capacity. The Committee is made up of Members just like you and is here for your benefit.

As a key step in meeting its responsibilities, the Committee engages the independent accounting firm of Doeren Mayhew. In addition, the Committee performs other ongoing activities on behalf of you, the Members:

- **Oversight of Northwest Federal’s Internal Audit (IA)** – Through direct lines of communication, the Committee oversees and meets regularly with the Vice President of IA to review the risk assessment and internal audit planning process, the results of ongoing and completed audits, progress on activities, management’s responses addressing recommendations, and the adequacy of the resources, executive support, and training the IA function needs to execute its mission.
- **Review of External Regulatory Examinations** – The National Credit Union Administration (NCUA) conducts regular examinations of the Credit Union. The Committee monitors the results of the NCUA examinations as well as tracks management’s responses to NCUA recommendations.

- **Monitor Internal/External Complaints** – Through IA, the Committee reviews and delegates, as appropriate, investigations of complaints received through channels such as the NCUA’s Consumer Assistance Center and the Employee Ethics Hotline.

- **Focus on Emerging Issues** – As an independent voice, the Committee meets regularly with the Board and Members of the management team to review emerging initiatives, issues, and challenges that could impact the Credit Union’s internal control environment and warrant ongoing attention and monitoring.

The Committee’s activities confirm the Credit Union’s proper attention to maintaining its sound financial condition and internal control environment. This belief is further validated by the 2020 financial statement audit completed by Doeren Mayhew. For transparency, Doeren Mayhew’s Independent Auditor’s Report, along with Northwest Federal’s consolidated financial statements, are posted on the Credit Union’s website for your review.

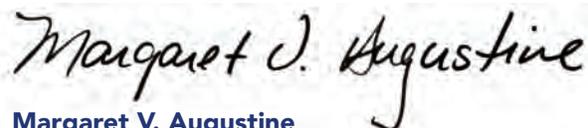
The Committee expresses our sincere appreciation to the Credit Union’s volunteer-Board for their openness with the Committee and strong support of its activities. In addition, I would like to thank my colleagues on the Committee who volunteer their time and show a steadfast commitment to their duties – Charlie Barlow, Bob Grieve, Sandera Oliver, Christine Perritt, and Susan Wilson.

We promote open communication with the membership. If you ever need assistance or have a question that cannot be answered through normal channels, I encourage you to contact the Committee:

Supervisory Committee  
P.O. Box 1167  
Herndon, VA 20172-1167

Or, to contact a member of the Supervisory Committee, you may also send an email to [supervisory@nwfcu.org](mailto:supervisory@nwfcu.org).

The Supervisory Committee would like to thank you, the Members, for supporting Northwest Federal. We hope the resilience of your Credit Union makes your own approach to these unfamiliar times just a bit easier.



**Margaret V. Augustine**  
Chair, Supervisory Committee

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