



2022 ANNUAL REPORT



Steven J. Berkowitz,  
Chairman of the Board  
board@nihfcu.org

# Chairman's and President's Report

2022 was a year with many challenges for the entire financial services industry, including the NIHFCU. As in recent years, we continued to navigate prudently through a turbulent operating environment due to uncertain economic conditions and prolonged geo-political events. These factors placed extraordinary demands on the NIHFCU, and all banking providers, as we aimed to support the needs of our customers and members.



Rick Wieczorek,  
President & CEO  
ceo@nihfcu.org

Still, even with all of these surrounding events, the NIHFCU recorded many achievements. Total membership increased by 5.2%, and loan receivables grew by 21.5% (or \$90.0 million), primarily from our robust residential and burgeoning business loan programs. Also, we succeeded in vastly improving the efficiency of our operation and boosting the value of NIHFCU membership. Three examples of note were:

- Our landmark enterprise-wide system upgrade was completed, installing state-of-the-art technology across our entire operation, making us well-positioned to provide an improved member experience, enhanced security for your accounts, and new opportunities to launch innovative products and services well into the future.
- We introduced our virtual personal financial assistant, Gene, who now greets visitors on our website and mobile app. This artificial intelligence system is being well-received and is providing convenient member service and immediate responses to various inquiries. Also, video chats with live representatives are available on desktop and mobile for those who need additional support.
- We significantly expanded the range of bonus reward categories available within our credit card program to now include utilities, wholesale clubs, electric vehicle charging, and rideshare. Combined with the existing reward program and other card benefits, we continue to provide one of the best options for all your credit purchasing needs.

Last, NIHFCU was honored to be named one of the nation's best credit unions to work for by American Banker. This award puts us in elite company and is a testament to the committed staff we are so proud of who embrace our 'Banking with Heart' mission to deliver friendly banking services to our members. Please visit [nihfcu.org/careers](https://nihfcu.org/careers) to watch a brief video highlighting the environment we have created to help our employees and members succeed.

The NIHFCU will always embrace the credit union perspective of 'people helping people.' Back in 1941, NIHFCU's founders valued financial independence, and we have grown through the decades because of our loyal members, dedicated volunteers, and employees who strive for that same value. We remain privileged to serve and to carry on this legacy with you.

Thank you, and best wishes for a financially healthy year.

# Supervisory Committee Report

The Supervisory Committee, in accordance with the Federal Credit Union Act, ensures the NIH Federal Credit Union management has in place:

- Practices and procedures to safeguard members' assets.
- Controls so that financial reporting objectives have been met.

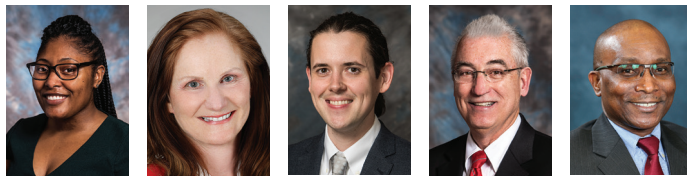
The Committee oversees the Internal Audit function where regular audits are completed. The Committee meets monthly with Internal Audit to ensure internal controls are established and effectively maintained, applicable laws and regulations are followed, and member concerns are resolved.

In addition, the Committee employs the certified public accounting firm of Nearman, Maynard, Vallez, CPAs (Nearman) to assist them in performing an annual independent audit of the Credit Union's financial statements. Nearman has issued an opinion on the Credit Union's financial statements for the audit period ending June 30, 2022.

Along with the audits performed by Nearman, the NIHFCU is examined by the National Credit Union Administration (NCUA). The NCUA has exclusive authority governing the operation of federally chartered credit unions. We are pleased to report that the NIHFCU is financially sound.

It is the goal of the Committee to ensure the integrity and financial strength of the NIHFCU while continuing the highest level of service to our membership. The Committee is here for your benefit.

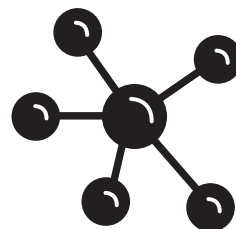
## Members of the Supervisory Committee:



Left to right: Jamikah St. Lewis (Chairwoman), Glenda Conroy, Joseph Henke, John Jarman, Daniyal Sanusi.

## News from 2022: System Upgrade

*Our system-wide technology upgrade was successfully installed in September, enhancing security, improving services, and creating opportunities for more product innovation.*





## Treasurer's Report

The NIH Federal Credit Union had a challenging year as it transitioned to holding, rather than selling, many of its first trust mortgages, thus foregoing immediate gains on sale for longer-term sustainable revenue. Deposit balances declined as members continued to spend their excess savings accumulated during the last two years of the pandemic. In addition, with inflation impacting the household's ability to meet loan payment obligations, we set aside increased reserves for loan defaults. Consequently, NIHFCU's total assets as of December 31, 2022, were \$838.4 million, which was relatively unchanged from the prior year, and, net income decreased to \$257,000.

Despite the lingering after effects of the pandemic, NIHFCU continued to meet the credit needs of its members. NIHFCU's loan portfolio grew a remarkable 21.5%, to \$508.6 million as of December 31, 2022. We helped our members purchase or refinance \$103 million of mortgages, some of which were sold into the secondary market, generating revenue of \$267,000. During part of the year, we purchased and sold unsecured loans and, in the process, generated \$650,000 of sales gains. We also experienced a very successful year in commercial lending, originating \$34 million for businesses while also preserving growth in longer-term sustainable revenue. Finally, by offering attractive rates and other competitive benefits, we increased the size of our credit card portfolio by \$2.5 million, or 21.2%. As always, we will continue to offer a wide array of loan products that meet the diverse needs of our members.

Through the first half of the year, we invested over \$65 million of excess liquidity into a well-diversified mix of securities that helped increase investment interest income over the prior year by \$2 million.

The second half of 2022 was marked by unprecedented increases in short-term interest rates and by a continuation of our members' strong spending behavior. We responded by raising certificate rates to some of the highest levels in years. These higher rates provided our members with an investment vehicle to help grow their hard-earned savings and invest for the future.

Operating expenses increased \$2.3 million, or 8.7%, to \$28.95 million in 2022. This growth reflects our ongoing commitment to staff and an investment of time and resources to support the Credit Union's critically important and successful conversion to a new core processing system. This powerful state-of-the-art core system will allow us to better serve the needs of our members for years to come. In 2022 we saw a slight rise in our delinquency and charge-off experience due to the challenging economic environment facing our members. As always, the Credit Union regularly evaluates and maintains an appropriate level of reserves to protect against potential future credit losses.

As your Treasurer, I assure you that our Credit Union remains safe, secure, and well-capitalized, consistent with the standards set by our regulator, the National Credit Union Administration. With well over \$800 million in assets and a net worth of over \$64 million as of December 31, 2022, we are well-positioned to continue to support the financial health and well-being of our members.

Donald Christoferson, Treasurer

National Institutes of Health Federal Credit Union

# Statements of Income

Years Ended December 31, 2022 and 2021  
(UNAUDITED)

	2022	2021
<b>INTEREST INCOME:</b>		
Loans	\$21,021,043	\$18,677,565
Investments	<u>4,241,253</u>	<u>2,180,030</u>
Total interest income	25,262,296	20,857,596
<b>INTEREST EXPENSE:</b>		
Members' deposits	317,563	606,593
Borrowings	<u>34,431</u>	<u>0</u>
Net interest income	24,910,303	20,251,003
Provision for loan losses	<u>3,942,335</u>	<u>1,635,913</u>
Net interest income after provision for loan losses	<u>20,967,967</u>	<u>18,615,090</u>
<b>NONINTEREST INCOME:</b>		
Fees and service charges	6,918,118	5,975,770
Net mortgage asset gains	313,048	3,449,957
Gain on sale of participations	649,825	513,507
Gain on sale of investment securities	0	334,294
Other	<u>353,304</u>	<u>(128,118)</u>
Total noninterest income	<u>8,234,294</u>	<u>10,145,409</u>
<b>NONINTEREST EXPENSE:</b>		
Compensation and employee benefits	13,652,237	13,165,141
Office operating costs	2,339,084	2,484,137
Computer expenses	4,247,107	3,938,364
Marketing expenses	933,813	993,803
Professional and outside services	3,229,526	2,712,214
Miscellaneous expenses	<u>4,543,915</u>	<u>3,335,903</u>
Total noninterest expense	<u>28,945,682</u>	<u>26,629,562</u>
Net income	<u><u>\$256,579</u></u>	<u><u>\$2,130,937</u></u>

The above financial statements are unaudited. A complete set of audited financial reports for the twelve months ending June 30, 2022 are available upon request.



National Institutes of Health Federal Credit Union

# Statements of Financial Condition

December 31, 2022 and 2021  
(UNAUDITED)

	2022	2021
<b>ASSETS:</b>		
Cash and cash equivalents	\$43,479,363	\$155,479,302
Investment securities available-for-sale	224,223,609	209,120,761
Investment securities held-to-maturity	644,361	808,644
Other investments	1,596,325	711,743
Loans held for sale	0	1,447,942
Allowance for loan and lease	(3,711,857)	(2,649,917)
Deferred loan costs	349,122	422,372
Loans receivable	508,612,057	418,637,157
Accrued interest receivable	2,459,741	1,712,122
Foreclosed and repossessed assets	0	0
Premises and equipment, net	14,701,756	4,516,514
NCUSIF deposit	7,247,298	7,090,131
Prepaid expenses and other assets	38,821,067	37,400,593
Total assets	<u>\$838,422,841</u>	<u>\$834,697,366</u>
<b>LIABILITIES:</b>		
Members' deposits	\$759,958,386	\$766,383,017
Accrued expenses and other liabilities	22,818,326	9,090,298
Notes payable	20,000,000	0
Total liabilities	<u>802,776,713</u>	<u>775,473,315</u>
<b>MEMBERS' EQUITY:</b>		
Regular reserve	0	4,356,244
Undivided earnings	64,390,394	59,777,571
Accumulated other comprehensive loss	(28,744,266)	(4,909,764)
Total members' equity	<u>35,646,128</u>	<u>59,224,051</u>
Total liabilities and members' equity	<u>\$838,422,841</u>	<u>\$834,697,366</u>

The above financial statements are unaudited. A complete set of audited financial reports for the twelve months ending June 30, 2022 are available upon request.

## Board of Directors

Your Board of Directors is a volunteer group elected by the membership and is responsible for the strategic direction of the Credit Union, including developing goals and establishing policy. The Board members are dedicated individuals who are committed to ensuring a high level of service to members and enhancing the financial position of the Credit Union. By providing a full range of financial products and exceptional service, your Board of Directors strives to promote the fundamental ideals of the credit union movement.



Board of Directors members from left to right: Steven J. Berkowitz (Chairman of the Board), Donna Adderly, Vicki Buckley, Donald Christoferson, Dexter Collins, Ann Fitzpatrick, Laura Gent, Margaret Gordon, Daniyal Sanusi.

## Asset Liability Management Committee

The members of the Asset Liability Management (ALM) Committee are dedicated to managing the inherent risks in the Credit Union's balance sheet. They accomplish this through the establishment and oversight of a wide variety of financial policies. Guidance from these policies meet all relevant regulatory risk compliance mandates and provide management with a sound foundation for maintaining sustainable earnings and adequate capital levels for the Credit Union.



Asset Liability Management Committee members from left to right: Donald Christoferson (Treasurer & Chairman), Ann Fitzpatrick, Laura Gent, Javier Negron.

### News from 2022: NIHFCU Recognition

*NIHFCU was named by American Banker as one of the nation's Best Credit Unions to Work For in 2022, citing us for our recognition programs, benefits, and overall work environment.*



## Executive Committee (EC)

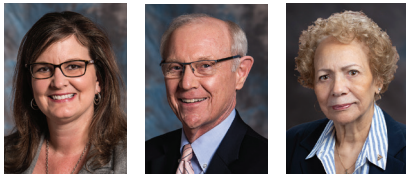
The EC is responsible for establishing the agenda for the monthly Board of Directors' meetings, reviewing strategic priorities and addressing sensitive topics in advance of the meetings. The Committee acts as a resource for NIHFCU's President & CEO on all matters pertaining to the credit union's strategic and operational activities.



Executive Committee members from left to right: Steven J. Berkowitz (Chairman), Vicki Buckley, Donald Christoferson, Ann Fitzpatrick.

## Board Governance/ Strategic Planning Committee (BGSPC)

The BGSPC assists the Board of Directors and NIHFCU management in developing the planning process of the credit union's strategic plan. The Committee also monitors progress towards achieving the goals and objectives outlined in the plan. The Committee also provides oversight to the Code of Ethics and various NIHFCU policies as needed.



Board Governance/Strategic Planning Committee members from left to right: Vicki Buckley (Chairwoman), Donald Christoferson, Margaret Gordon.

### News from 2022: New Virtual Assistant

*'Ask Gene', our virtual personal financial assistant, was launched on our website and mobile app, providing convenient support and answers to common questions for those visiting these remote channels.*





## Member Experience Committee (MEC)

The MEC is responsible for enhancing the credit union's brand value among our members and targeted communities. It is the primary advisory body collaborating with NIHFCU management to identify and develop strategies to develop new products, enrich member experiences, and enhance member loyalty and participation in the credit union.



Business Development Committee members from left to right:  
Diana Rutberg (Chairwoman), Vicki Buckley, Alicia Caffi, Thomas Calder, John Jarman, Brian Rabin.

# Information Technology Steering Committee (ITSC)

The ITSC assists the Board of Directors in fulfilling its corporate governance and oversight responsibilities for the credit union's investments, operations and strategy in relation to technology and information systems. The committee is responsible for helping to maintain the balance between IT budgetary constraints and business priorities.



Information Technology Steering Committee members from left to right:  
Laura Gent (Chairwoman), Donna Adderly, Dexter Collins, Ann Fitzpatrick, Joseph Henke, Daniyal Sanusi.

## News from 2022: Expanded Credit Card Rewards

*New cash back and bonus point opportunities were added to our signature rewards credit card offers, further extending the value of our card program.*





## Website and Online Banking

- [nihfcu.org](https://nihfcu.org)

## Mobile Banking

- [nihfcu.org/MobileBanking](https://nihfcu.org/MobileBanking)

## E-mail

- [nihfcu@nihfcu.org](mailto:nihfcu@nihfcu.org)

## National Call Center

- 301.718.0208
- 800.877.6440

## TDD/TTY

- 301.881.5822



## Locations:

The NIH Federal Credit Union serves its members through a network of branches and ATMs throughout the Washington, DC metro area. Members can also enjoy convenient nationwide access to their accounts at over 30,000 network ATMs and 5,000 shared branch locations in addition to a wide range of 24/365 remote services.

Visit [nihfcu.org/locations](https://nihfcu.org/locations) to search for any branch or ATM location.

NIH Federal Credit Union  
P.O. Box 6475  
Rockville, Maryland 20849-6475

## Members of the Senior Leadership Team:

Rick Wieczorek—President & CEO

Jesse Boyer—EVP, Chief Operating Officer

Frank Amantia—SVP, Chief Lending Officer

Christiana Anderson—SVP, Chief Human Resources Officer

Timothy Duvall—SVP, Chief Financial Officer

Miglena Doncheva—VP, Lending

Cassandra Hairston—VP, Business Development & Philanthropy

Matt Jones—AVP, Business Lending

Ashok Khadka—AVP, Associate Controller

Steven Levin—VP, Marketing & Brand Strategy

Christopher Newell—VP, Information Technology

Steven Peschin—VP, Finance & Investments

Michael Stottlemeyer—AVP, Risk Management

Stacie Strickland—VP, Retail Delivery

Michael Torcisi—AVP, Loss Mitigation & Administration

Taneka Walton-Courtney—AVP, Payments Support