



# Built to overcome.

Responsive banking for unprecedented times.

## Chairman & President's Report | 2021



While 2021 marked the 2nd year of the COVID-19 pandemic, we continued to make adjustments to serve our members. It does appear that the worst

may be over, Signal has prepared to ease our member's financial life into a more wide-open world.

Our "Signal on the Go" mobile branch (The Truck) became fully operational in late summer and was deployed throughout the Metro area including weekly in-season visits to the EatLoco Farmers Market in Loudoun County. In addition, the branch was also instrumental in providing support to the Largo office when our ATM was vandalized and rendered inoperable for several months. The Truck continues to fit many roles and is a symbol of the difference between Signal and other financial institutions. If you can't get to a branch, we'll bring it to you!

In 2021, our members were still able to take advantage of the historically low mortgage rates. As the refinancing continued, it helped to strengthen members' financial position.

We have made some exciting new changes and plan more for 2022 to enhance the credit union experience for everyone. In late 2021, we updated our website with a new and fresh design. This makeover makes it easier for our members to find what they need with minimal clicks. We hope you have been enjoying this.

We also refreshed and re-launched our credit card products to better meet the needs of our membership, by offering a more advantageous and expansive cashback and rewards points program. Our plan is to continuously monitor and seek member feedback to further enhance this great credit product. Let us know if you have any good ideas.

The big change planned for 2022, is our action in replacing our current computer system with the latest and greatest system, that will add all sorts of new capabilities for our members and our staff to serve them. Our aim was to seek best in class technology enhancements that will offer our members a superior experience in transacting their business through their mobile devices, online or in person. The new systems will be cloud-based, which will improve security, back up capabilities and offer new and improved services.

Members should start to see some of the early benefits this year which include a more convenient and satisfying member experience when calling in to receive assistance and our new and improved banking app to make accessing accounts simple and easy. Members will also have enhancements to their debit card.

In 2022, we have begun the hard work of converting our systems in a systematic and methodical way as to ensure a smooth transition with minimal disruption to our members and staff. We will announce these conversions and timelines as we set them and will communicate each step to our members throughout the year. We anticipate completing this major strategic initiative by the summer of 2023.

Our Board of Directors continue to put in many unpaid hours meeting with staff, monitoring operations and planning for the future of the credit union as part of their volunteer commitment to Signal and their fellow members. We do want to recognize the retirement of two long serving volunteers - Donna Hauprich and Carl Tebell, who contributed greatly to our ongoing success through their many years of service. We thank them for all they have done for us.

The staff, officials and volunteers at Signal Financial are proud to serve the Washington Metro area— we are residents of the community just as our members are, and our commitment to our membership goes beyond mere dollars and cents. We are members of Signal Financial, as well, and we're glad to stand with DC, Maryland, and Northern Virginia families, employers, and communities to build a better future here for everyone. Thank you for all your support throughout the past 74 years. We look forward to an exciting and successful 2022 and we're glad to have you with us!

**Andrew Mekelburg**  
Chairman of the Board of Directors

**François Verleysen**  
President & CEO

## Treasurer's Report



We continued to adapt to the second year of the pandemic. We were successful in maintaining our new service model with banking by appointment to meet our member's needs. We spent much of our time and efforts on identifying the new vendors we would be using for our new online banking, debit card, credit card and CORE banking platforms and signed all those contracts in December 2021. In addition, we worked on improving our financials and made many positive changes that we outline below.

Signal Financial FCU ended 2021 with \$443M in total assets. This was a decrease from the prior year of \$41M due to the following factors: We began 2021 with excess liquidity. We used this excess liquidity to pay down our borrowed funds of \$20M. In addition, many of our member share certificates matured further reducing our total share balances. We also experienced lower loan demand as members continued to save more and paydown their debt throughout the pandemic.

Our loan portfolio declined by \$28 million in 2021. This was largely driven by a decrease in our first mortgage balances as members refinanced their loans into lower rates. In addition, we had a lower demand for commercial loans in the first half of the year due to the pandemic. The decreases in these two categories were offset by the increase in indirect unsecured consumer loans that grew by \$15M in the second half of the year.

The credit union generated net income of \$598K in 2021 which was an impressive turnaround given our net loss of approximately \$1M in 2020. Net income was improved due to the decrease in interest expense from the payoff of the borrowed funds and the decrease in certificate balances.

### ► 2021 HIGHLIGHTS

- \$443M in total assets
- \$598K in net income
- Addition of \$15M in higher yielding unsecured consumer loans
- Selection of the new banking platform for cards, online banking and CORE
- Received clean reports from annual independent audit and NCUA examination
- Addressed opportunities for further improvement

We recently completed our annual independent audit and annual examination by the NCUA. In both cases we received a clean report and opportunities for further improvements were promptly addressed.

Please continue to stay safe and healthy.

**Mary McCormick**  
*Treasurer*

## Supervisory Committee's Report



The Supervisory Committee's role is to protect member assets and ensure that they are properly safeguarded. We provide oversight for the implementation and maintenance of internal controls as well as appropriate maintenance and accurate retention of all records.

Our external auditor, Clifton Larson Allen, Certified Public Accountants, performed an independent financial statement audit of the year ending 2021. The credit union received an unmodified opinion for the audit.

In addition, NCUA completed our annual examination in which they observed no significant concerns.

The Supervisory Committee believes all audits, verification, examinations and compliance reviews present an accurate reflection of financial results, and the credit union's assets remain in good standing.

**Tammy Jeffers**  
*Chair of the Supervisory Committee*

## Statements of Financial Condition

<b>ASSETS</b>	<b>2021</b>	<b>2020</b>
Cash and Cash Equivalents	\$67,397,134	\$65,748,685
Securities - Available-for-Sale	92,185,483	106,674,276
Other Investments	1,248,415	2,162,314
Loans, Net	267,096,623	295,015,968
Loans Held-for-Sale	539,313	1,227,556
Accrued Interest Receivable	1,500,191	1,284,723
Premises and Equipment, Net	5,409,082	5,870,600
NCUSIF (National Credit Union Share Insurance Fund) Deposit	3,749,568	3,861,149
Other Assets	3,677,880	2,140,824
<b>Total Assets</b>	<b>\$442,803,689</b>	<b>\$483,986,095</b>
 <b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Liabilities</b>		
Members' and Nonmembers' Share and Savings Accounts	\$402,895,128	\$422,593,503
Borrowed Funds	-	20,460,000
Accrued Interest Payable	29,787	83,325
Accrued Expenses and Other Liabilities	2,079,202	1,490,809
<b>Total Liabilities</b>	<b>405,004,117</b>	<b>444,627,637</b>
<b>Members' Equity</b>		
Regular Reserves	6,430,310	6,430,310
Undivided Earnings	32,553,937	31,955,325
Accumulated Other Comprehensive (Loss) Income	(1,184,675)	972,823
<b>Total Members' Equity</b>	<b>37,799,572</b>	<b>39,358,458</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$442,803,689</b>	<b>\$483,986,095</b>

## Statements of Operations

<b>INTEREST INCOME</b>	<b>2021</b>	<b>2020</b>
Loans	\$11,162,758	\$12,693,383
Securities, Interest-Bearing Deposits, Cash Equivalents	880,894	1,523,502
<b>Total Interest Income</b>	<b>12,043,652</b>	<b>14,216,885</b>
<b>INTEREST EXPENSE</b>		
Members' and Nonmembers' Share and Savings Accounts	2,615,201	4,383,243
Interest on Borrowed Funds	48,733	117,053
<b>Total Interest Expense</b>	<b>2,663,934</b>	<b>4,500,296</b>
<b>Net Interest Income</b>	<b>9,379,718</b>	<b>9,716,589</b>
<b>PROVISION FOR LOAN LOSSES</b>	<b>504,168</b>	<b>243,416</b>
<b>Net Interest Income After Provision for Loan Losses</b>	<b>\$8,875,550</b>	<b>\$9,473,173</b>
<b>NONINTEREST INCOME</b>	<b>2021</b>	<b>2020</b>
Service Charges and Fees	3,405,758	3,445,283
Other Noninterest Income	1,243,306	307,720
Mortgage Servicing Gain	804,911	-
Net (Loss) Gain on Sale of Securities	(39,037)	373,174
Net Gain (Loss) on Sale of Assets	194,788	(181,845)
Net Gain on Sale of Loans	1,386,522	1,464,084
<b>Total Noninterest Income</b>	<b>6,996,248</b>	<b>5,408,416</b>
<b>NONINTEREST EXPENSE</b>		
General and Administrative:		
Employee Compensation and Benefits	7,957,138	9,214,994
Office Occupancy and Operations	2,890,027	3,006,801
Other Operating Expenses	4,426,021	3,673,038
<b>Total Noninterest Expense</b>	<b>15,273,186</b>	<b>15,894,833</b>
<b>NET INCOME (LOSS)</b>	<b>\$598,612</b>	<b>(\$1,013,244)</b>

**Board of Directors**

Andrew Mekelburg  
*Chair*

Jonathan Morrison  
*Vice Chair*

Mary McCormick  
*Treasurer*

Deborah Cullen  
*Secretary*

M. Eileen Booker  
*Director*

Mark Fieni  
*Director*

Donna J. Hauprich  
*Director*

**Supervisory Committee**

Tammy Jeffers  
*Chair*

Laura Groat

Yolanda Arrington

Frank Qualls

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**MARYLAND**

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3015 University Boulevard, West  
Kensington, MD 20895

Leisure World Branch  
3701 Rossmoor Boulevard, Admin building  
Silver Spring, MD 20906

Largo Branch  
9500 Medical Center Drive, Suite 103  
Largo, MD 20774

**NORTHERN VIRGINIA**

One Loudoun Branch  
44747 Brimfield Drive  
Ashburn, VA 20147

**WASHINGTON, DC**

Capitol Hill Branch  
1391 Pennsylvania Avenue SE  
Washington, DC 20003

City Center Branch  
1101 New York Avenue NW  
Washington, DC 20005

**MOBILE**

Signal On The Go Truck

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**Signal Financial Federal Credit Union**

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