



2020 ANNUAL REPORT



Federally Insured by NCUA

PROMISE

OUR COMMITMENT TO OUR MEMBERS

Let's stop calling them dreams. A dream is that thing that is so out there, you just can't believe it's real. But this is real. So real. This is your life. And you've got ideas about what you want this life to be.

Let's turn those ideas into plans and goals. Let's get everything going in the right direction and then let's speed it up. Let's find the shortest distance between you and your financial success. Let's get creative with it. We're good at that. Experts at helping you go the distance.

LET'S ACCELERATE NEXT®.

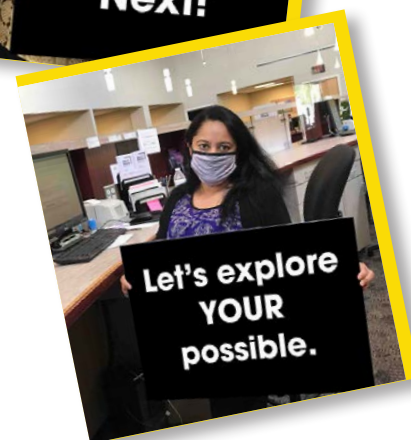


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Let's

ACCELERATE NEXT®



Top:
Soledad
Communication Center
Manager

Bottom:
Sutapa
Member Service Specialist



JOINT REPORT OF THE CHAIRMAN AND PRESIDENT/CEO

2020 - A pivotal year.

Unlike any other year, 2020 presented us with unexpected challenges that forced us to revisit strategic initiatives and shift priorities, while testing our ability to pivot and adapt to the unknown.

At the same time, it fostered empathy, collaboration, creativity, and intention. It brought us closer to our values, and it emphasized our commitment to our members and the community we serve. We realized our resilience, and our determined will empowered us to maintain our focus and to navigate the challenges with an optimistic, winning spirit.

Undoubtedly, the health and safety of our employees and our members came first, but we also acknowledged that now more than ever, meeting our members' financial needs was of utmost importance. In addition to implementing safety protocols at our office and branch locations, our team responded quickly and introduced creative solutions to help alleviate the stress that COVID-19 imparted on our members and their families. From PPP loans to consumer counseling, and loan payment deferments to waiving ATM and early certificate withdrawal fees, our intent was to help those who were financially impacted get through these difficult times with confidence.

Despite the challenges, we maintained financial soundness and cooperative strength. Our members depended on us to keep their savings safe, and relied on us to help them get through this difficult time. Our share savings account balances increased by 18% over 2019, to \$108 million, resulting in a total share deposits increase of 5%, to \$361 million. Loans to members increased by 4%, to \$391 million - primarily attributed to real estate loans. We ended the year with \$504 million in total assets, a .31% increase over last year.

Let us get creative with it.

2020 certainly forced us to do things differently and respond to changing needs. Due to state mandates, we were forced to temporarily close our branch lobbies. However, that did not stop us from serving our members who were depending on us to be there. A special thanks to our essential employees who continued to come in so we could assist members at the drive-thru and over the phone. Even more so, we'd like to thank our members for adapting to the new processes and exploring our digital banking platforms as an alternative way to perform transactions, view balances, and deposit checks. This resulted in a 40% increase in online banking enrollments in March 2020, to the highest level we've ever seen!

Throughout 2020, we continued to introduce enhancements to our digital channels, fostering ease and convenience. We introduced an online "Chat" feature for website and online banking users that allows members to connect with our employees in a more personalized manner. It includes a live text chat tool, with video and screen-share capability for a tailored experience. We launched a new personal finance management tool which empowers members to integrate external accounts with other financial institutions. Now they can view account balances, manage budgets, and analyze spending trends all on one platform. We made enhancements to our remote deposit capture feature to make it easier to deposit checks with smartphones. Lastly, we boosted security login protocols, such as multi-factor authentication, increasing account protection from fraud and identity theft.

Our experience, innovation and technology teams are always exploring and testing cutting-edge banking solutions and features that

will allow you to get to Your Fantastic Financial Future Faster. For example, to improve the loan application experience, we launched a new loan origination system specifically for home equity loans and lines of credit that promotes a more seamless process.

Community - It is where you live, work, and play.

Pandemic restrictions certainly presented some challenges when it came to community involvement, so we had to identify unique ways to give back. To demonstrate our support of essential workers and those who risked their lives daily to keep our communities safe during the pandemic, we purchased and delivered lunches to police and fire departments, COVID testing labs, and schools in our area. Overall, we donated more than \$60,000 in charitable donations. Once the community started to open up, our committed NextMarker Team volunteered their time in various non-profits in our community, including food pantries, coat closets, shelters, and other support organizations.

So, What's Next?

As we transition to a new normal, we will continue to focus on becoming more easily accessible to members and to the community. We still are exploring new branch locations outside of Fairfax County, but we've had to re-write our branch expansion strategy knowing how the pandemic has impacted the future of the in-branch experience. Therefore, enhancing the digital experience remains a top priority. Our goal is to guide you on your financial journey, no matter what life stage you are experiencing. Whether you are an aspiring student, you've settled down and are raising a family, or you just became an empty nester, we are here to provide you with opportunities that will empower you to realize your own potential and achieve financial independence.

Nicole
Loan Officer



Awais
*Network & Systems
Administrator*

We know you have options when it comes to banking, and we appreciate that you chose NextMark to guide you on your financial journey. Thank you for allowing us to help you succeed, and for referring us to your family and friends.

Roberta "Bobbie" Deegan
Chairman

Joseph D. Thomas, Jr.
President/CEO

FINANCIALS

Statement of Financial Condition

ASSETS	2020	2019
Loans To Members	\$ 391,678,672	\$ 376,761,366
Allowance for Loan Losses	\$ (3,579,737)	\$ (2,930,001)
Cash on Hand	\$ 1,458,272	\$ 1,213,463
Investments and Deposits	\$ 90,404,012	\$ 103,421,115
Fixed Assets (NET)	\$ 4,759,796	\$ 4,978,684
Other Assets	\$ 19,313,924	\$ 19,020,925
Total Assets	\$504,034,940	\$502,465,552
LIABILITIES, SHARES AND EQUITY		
Accounts Payable and Other Liabilities	\$ 75,424,632	\$ 97,829,052
Total Liabilities	\$ 75,424,632	\$ 97,829,052
SHARES		
Savings and Club Accounts	\$ 109,443,936	\$ 92,655,790
Share Draft Accounts	\$ 57,728,057	\$ 47,015,829
Share Certificates	\$ 119,640,577	\$ 137,452,516
IRA Deposits	\$ 23,399,673	\$ 22,911,531
Money Market Accounts	\$ 50,853,206	\$ 42,444,261
Total Shares	\$361,065,450	\$342,479,927
EQUITY		
Statutory Reserves	\$ 857,083	\$ 857,083
Undivided Earnings	\$ 65,066,965	\$ 60,883,513
Unrealized Gain (Loss) on AFS Securities	\$ 1,620,811	\$ 415,976
Secondary Capital	\$ 0	\$ 0
Total Equity	\$ 67,544,859	\$ 62,156,572
TOTAL LIABILITIES, SHARES AND EQUITY	\$504,034,940	\$502,465,552

FINANCIALS

Statement of Income and Expenses

INCOME	2020	2019
Income on Loans	\$ 18,471,504	\$ 21,893,415
Income on Investments	\$ 1,500,496	\$ 2,094,454
Other Income	\$ 2,615,315	\$ 2,961,126
Total Income	\$ 22,587,315	\$ 26,948,995
OPERATING EXPENSES		
Compensation and Benefits	\$ 6,692,183	\$ 6,419,199
Office Occupancy	\$ 502,876	\$ 533,247
Marketing	\$ 153,461	\$ 184,052
Office Operations	\$ 2,730,494	\$ 2,577,547
Supervision/Exam	\$ 130,823	\$ 112,033
Loan Servicing	\$ 1,141,350	\$ 1,311,938
Outside and Professional Services	\$ 473,853	\$ 497,530
Other Expenses	\$ 215,759	\$ 331,421
Total Operating Expenses	\$ 12,040,799	\$ 11,966,968
Provision for Loan Losses	\$ 750,000	\$ 0
Dividend and Interest Expense	\$ 5,613,064	\$ 6,092,937
Net Income	\$4,183,452	\$ 8,889,090

HOME EQUITY LOAN PRODUCTION
\$119.2M
 LOANS ISSUED
911

FIRST MORTGAGES PRODUCTION
\$42.3M
 LOANS ISSUED
98

AUTO LOAN PRODUCTION
\$5.5M
 LOANS ISSUED
233

CREDIT CARD PRODUCTION
\$558.5K
 CARDS ISSUED
80

NEXTMARK - Board of Directors

Our member-elected volunteer Board of Directors works tirelessly to ensure NextMark operates in a safe and sound manner.



Roberta "Bobbie" Deegan
Chairman



James E. Sandifer
Treasurer



John C. "Jake" Lay
Emeritus



Martha L. Collier
Secretary



Gilbert Osei-Kwadwo
Member



Brian C. Waymire
Member



Report of the Supervisory Committee

It is the responsibility of NextMark Credit Union's Supervisory Committee to supervise an annual audit of the financial records of the credit union, verify members' accounts and report the results to the Board of Directors and the members. The committee ensures that internal controls are effectively maintained and members' interests are protected. Many of our functions are performed in accordance with an annual audit plan and are directly performed or supervised by the internal auditor.

Obviously, 2020 was an unusual year for NextMark due to the COVID-19 Pandemic and its impact on many elements of the credit union's operations, mostly an increase in non-face-to-face interaction and technological solutions. With such increased online usage and reliance on technology, the Supervisory Committee renewed its focus on cybersecurity and on ensuring that any resultant increase in security risks are well managed.

The committee contracted with Doreen Mayhew, CPAs, a firm of certified public accountants, to perform a Supervisory Committee audit. After reviewing the reports and records, it is the unanimous opinion of the Supervisory Committee that NextMark Credit Union is a financially solid credit union and is being operated safely and soundly. This is in no small part the direct result of the commitment, stewardship, and the hard work of all of the credit union's staff, management, and Board.

***To contact the Supervisory Committee,
please write to:***

**NextMark Credit Union
Supervisory Committee
P.O. Box 3713, Fairfax, VA 22038.**

Respectfully submitted,
David Reed, Chairman
Nick Blaskoski
George Kamis



David Reed
Supervisory Committee
Chairman

Feeling empowered.

2020 presented many challenges, but our optimistic spirit turned those challenges into opportunities. We are honored to have been recognized by our industry for our performance and innovative projects.

Top 100 CUs in the country - *S&P Global Markets*

Diamond Award - Crisis Management Communication during COVID
- *Credit Union National Association (CUNA)*

Diamond award - Rebranding
- *Credit Union National Association (CUNA)*

New Website Design Award - *Davey Awards*

Saud
Assistant Branch Manager



Silvina
Digital Branch Specialist



TOP 100
CREDIT UNIONS
S&P Global



2020 WINNER
Diamond Award
Crisis Management
Communication during
COVID



2020 WINNER
Diamond Award
Rebranding



2020
GOLD WINNER
New Website

Building a culture through connection.

“Open your Eyes to a Credit Union” a national industry-funded initiative, is helping credit unions across the country break barriers that block consumers from considering them for their financial needs. To demonstrate our support, we decided to launch our own internal campaign with the help of our employees.

A creative way to tell a story.

We photographed our amazing staff in the campaign’s signature poses of ordinary consumers pointing to their eyes, as in “Open your Eyes to a Credit Union”, and are including the images in our marketing efforts. You may have noticed them on our branch posters and email signatures. The effort has also helped us make connections internally, especially for our newest employees who joined our team during the pandemic, and have not had the opportunity to meet all of our co-workers in person.



**OPEN YOUR EYES
TO A CREDIT UNION**
NEXTMARKCU.ORG

We exist to empower progress for all individuals.

As our number one advocates, we encourage you to share the benefits of credit union membership to your family and friends, so they too can live more awesome. We’re open. We’re accessible. We’re here to help you get to what’s next in your financial life.

Tony
*Communication
Center Specialist*



Eli
*Member Services
Specialist*

Thriving in a world of uncertainty.



1000
LUNCHES

\$60K
DONATIONS

Community - Take-Out to Give-Back

To demonstrate our support of emergency workers in the counties we serve, we purchased and distributed over 1000 lunches to Fire Fighters, Police Officers and Teachers.



Community - Hunger Relief Collections

We matched donations to two local hunger relief organizations who have made a significant impact in our communities offering assistance to those who battling food insecurity.



Juan
*Member Services
Specialist*



NextMarkCU.org
(703) 218-9900

Explore your
Possible®

BRANCHES AND HOURS

FAIRFAX BRANCH

4201 Members Way
Fairfax, VA 22030

GOVERNMENT CENTER BRANCH

12000 Government Center Pkwy.
Fairfax, VA 22035

HERRITY BRANCH

12055 Government Center
Pkwy.
Fairfax, VA 22035

SPRINGFIELD BRANCH

6506 Loisdale Rd.
Springfield, VA 22150

For most current branch information and hours please visit: NextmarkCU.org/locations-atms