

2017 ANNUAL REPORT

LOOKING BACK 2017 was a landmark year for NW Preferred. This was the year we expanded our membership to serve insurance professionals across the United States and the initial response has been wonderful. Thanks to the new charter, we saw strong growth in our loan portfolio, resulting in record earnings for our credit union.

This past year we also began to take advantage of many of the capabilities afforded us by the new core processing system we installed in 2016. This included the creation of a centralized Consumer Lending Department, designed to expedite the loan processes and better serve our members.

Your Board of Directors and I look forward to another great year and thank you for continuing to give us the opportunity to serve you.

Jim Burgett, Chairman of the Board

LOOKING FORWARD We are excited about 2018 and the year ahead. The response to our new national charter has been extremely encouraging and we believe we are going to be able to build on last year's success for an even better year in 2018.

As we look ahead some of the things we anticipate are:

- Continued outreach to insurance professionals nationwide, providing options to those looking for personal and professional financial services.
- A measured, but steady increase in interest rates that should provide our members with better returns on their savings dollars.
- Release of our long awaited chip debit card.

As always, thanks for your continued support of NW Preferred Federal Credit Union.

Steve Canfield, President/CEO

FINANCIAL STATEMENT *Period Ending December 31, 2017*

The Supervisory Committee's objectives are to ensure that the Credit Union:

- Maintains accurate financial records
- Has implemented a program of internal controls
- Preserves financial assets

Throughout the year, the Committee audits different areas of the Credit Union's operation to ensure these objectives are met. The Committee also investigates and responds to member inquiries.

Annually, we engage an independent CPA firm to conduct a financial audit of the Credit Union. The Credit Union is also examined annually by the National Credit Union Administration (NCUA), an agency of the federal government. The NCUA makes an assessment of our financial strength, and determines whether or not the Credit Union has been operating in compliance with the law. We are very pleased to report that no material weaknesses were found in our operation!

Based on reports submitted, it is the Committee's belief that the financial statements of December 31, 2017, fairly and accurately reflect the financial condition and results of operations of NW Preferred Federal Credit Union.

Jack Fiske, Chairman

YEARS @ A GLANCE

YEAR	LOANS	SHARES	ASSETS
2012	83,530,696	107,324,380	116,584,555
2013	87,859,086	108,436,579	118,164,680
2014	89,456,026	113,859,653	124,199,435
2015	93,044,608	114,685,535	125,656,541
2016	93,986,175	114,039,257	126,089,231
2017	97,662,869	110,921,598	123,887,491
1 Yr. Change	3.9%	-2.7%	-1.8%
5 Yr. Change	16.9%	3.4%	6.3%

FINANCIALS

	2017	2016
ASSETS		
Loans to Members	97,662,869	93,986,175
Allowance for Loan Loss	(1,396,464)	(1,326,077)
Net Loans	96,266,405	92,660,098
Cash	1,161,359	936,125
Investments	20,684,994	26,381,707
Property & Equipment (Net)	3,015,879	3,245,495
All Other Assets	2,758,854	2,865,806
Total Assets	123,887,491	126,089,231
LIABILITIES & EQUITY		
Notes Payable	0	0
Accounts Payable	362,135	450,261
All Other Liabilities	307,814	367,004
Total Liabilities	669,949	817,265
Shares	110,921,598	114,039,257
Regular Reserve	1,937,284	1,937,284
Undivided Earnings	10,358,660	9,295,425
Total Liabilities & Equity	123,887,491	126,089,231
INCOME		
Interest on Loans	5,109,411	5,154,543
Income From Investments	336,630	217,219
Other Income	949,246	920,816
Total Income	6,395,287	6,292,578
EXPENSES		
Salaries & Benefits	2,351,168	2,397,875
Operations	2,253,983	2,225,415
PLL	310,000	436,500
Dividends	420,385	452,032
Other	(3,485)	(103,985)
Total Expenses	5,332,051	5,407,837
NET INCOME (LOSS)	1,063,236	884,741

MONEY DISTRIBUTION

