

# VOLUNTEERS & OFFICERS

## Board of Directors

Chairman .....Georgetta Wolff  
 1st Vice Chairman .....Hugh Jones  
 2nd Vice Chairman .....Steve Considine  
 Secretary/Treasurer .....Stan Swenson

George Bardizbanian  
 Roberta Currier  
 Phil Harrott  
 Nils Johnson  
 Mitch Mroz  
 Bernie Slotnick

Brian Soto  
 Dick Underhill  
 Betty Burtis, Emeritus  
 Ted Hruska, Emeritus  
 Dick Lindsey, Emeritus

## Supervisory Committee

Al Eldridge, Chairman  
 Kathi Harper, Secretary  
 Ted Hruska

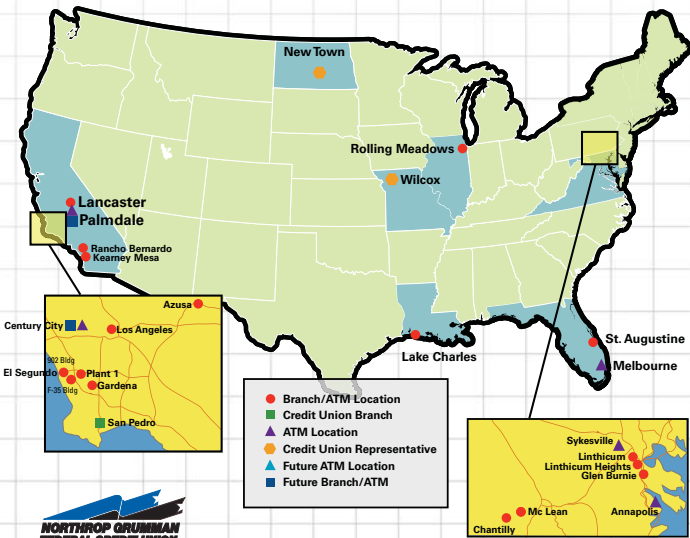
Harry Lee  
 Wayne Watanabe

## Flight Plan Financial Services, Inc.

Officers and Board of Directors  
 Betty Burtis, Chairman  
 Jim Barnfather, President  
 George Bardizbanian



# BRANCH & ATM LOCATIONS



PRSRRT STD  
 U.S. POSTAGE  
**PAID**  
 Academy Mail

Box 47009  
 Gardena, CA 90247-6809



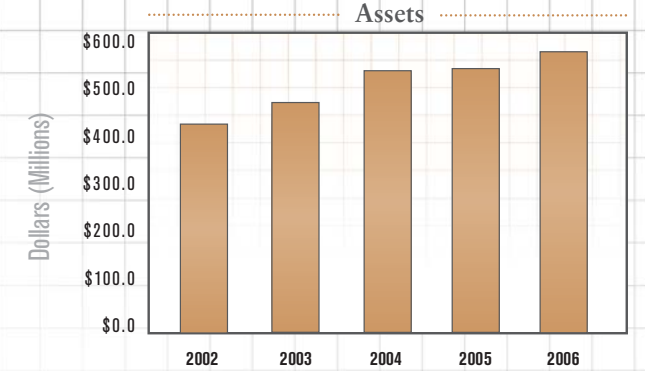
## Annual Report

# 2006

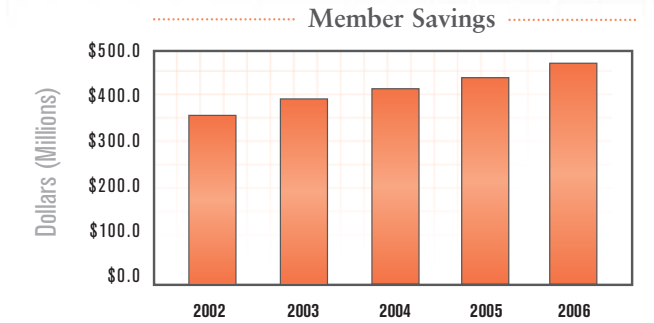


This abbreviated annual report is intended to provide summary information pertaining to the performance of Northrop Grumman Federal Credit Union. To view the complete independent auditor's report prepared by McGladrey & Pullen, go to [www.norgrumfcu.org](http://www.norgrumfcu.org) or call 800-633-2848 to request a copy.

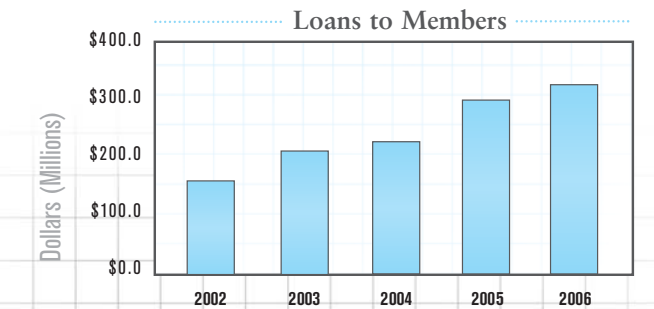
# PROGRESS



Assets **\$569,265,230**



Savings **\$473,779,608**



Loans **\$320,657,213**

## REPORT TO MEMBERS

As a reflection of member confidence, the Northrop Grumman Federal Credit Union continued a pattern of steady growth throughout 2006.

To make your Credit Union more convenient, improvements to remote access channels have provided members with more services and better accessibility. The newly designed *the\_Max!* eBranch provides additional account services and an improved bill payer environment. The implementation of eStatements offers convenience and peace of mind for members sensitive to the expense and the relative slow-movement associated with the production and mailing of paper statements compared to electronic media. In just a few short months since its unveiling, more than 6,000 members have opted to use this service, receiving e-mail notification when their monthly statements are available to view and download through *the\_Max!* eBranch.

In addition to an improved eBranch, during 2006 the Credit Union also implemented online consumer loan origination to complement the addition of online mortgage loan origination in 2005. This makes it much more convenient for members to check rates and apply for loans when they want to, whether at home, at work, or anywhere they have access to the Internet.

To round out the online symphony of eBranch services, at the end of 2006 the Credit Union began offering an easy, convenient and secure method of "taking ownership" by implementing online membership origination. Family members, co-workers and anyone else satisfying the eligibility requirements can join the Credit Union and securely fund a new account online no matter where they live or work.

Even as our reliance on Internet-based services threatens to diminish our ability to maintain personal relationships with our members, NGFCU continues to aggressively solicit your opinions, advice, and general information about your interaction with Credit Union staff. By mailing surveys daily to members randomly selected from branch or Call Center transactions, and loans funded, we endeavor to raise the bar on matching Credit Union performance to your expectations.



During 2006, the NGFCU staff, management and volunteers attained many goals intended to make your credit union experience one that will excite you to invite others to join the Northrop Grumman Federal Credit Union family. Our mission is to maintain a record of steady growth, acceptable change and innovative service channels into the future. Thank you for your support and participation.

For the Board of Directors,

*Georgetta Wolf*  
Chairman

*Stanley R. Swenson, Jr.*  
Secretary/Treasurer

## CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

December 31, 2006

### ASSETS

Cash and cash equivalents	\$ 39,340,442
Investments	
Available-for-sale	182,032,679
Other	15,219,020
Loans to members, net	320,657,213
Accrued interest receivable	2,171,919
Property and equipment	3,245,665
NCUSIF deposit	4,349,504
Other assets	2,248,788
	<b>\$ 569,265,230</b>

### LIABILITIES AND MEMBERS' EQUITY

Members' shares	\$ 473,779,608
Notes payable	26,600,000
Accrued expenses and other liabilities	5,610,064
Total liabilities	505,989,672
Members' Equity	63,275,558
	<b>\$ 569,265,230</b>

## CONSOLIDATED STATEMENT OF INCOME

For the year ended December 31, 2006

### INTEREST INCOME

Interest on loans to members	\$ 18,784,474
Interest on investments and cash equivalents	10,404,871
	<b>29,189,345</b>

### INTEREST EXPENSE

Dividends on members' shares	11,973,595
Interest on notes payable	1,151,400
	<b>13,124,995</b>

### NET INTEREST INCOME

16,064,350

### PROVISION FOR LOAN LOSSES

(156,951)

### NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES

16,221,301

### NON-INTEREST INCOME

Fee income	2,751,226
Interchange income	696,508
Shared branching income	373,046
Gain on sale of available-for-sale investments	27,570
Other non-interest income	925,602
	<b>4,773,952</b>

### GENERAL AND ADMINISTRATIVE EXPENSES

Salaries and benefits	7,527,508
Operations	5,788,911
Occupancy	1,272,850
	<b>14,589,269</b>

**NET INCOME \$ 6,405,984**

