

VOLUNTEERS & OFFICERS

BOARD OF DIRECTORS

- Patrick Creighton**, Chairman
- Eric Scholten**, 1st Vice Chair/Financial Officer
- Karin Flanagan**, 2nd Vice Chair
- Steve Considine
- Diane Corral-Lopez
- Heather Crofford
- Kathi Harper
- Phil Harrott
- Hugh Jones
- Harry Lee
- Rob Polvino
- Dick Underhill
- Georgetta Wolff

SUPERVISORY COMMITTEE

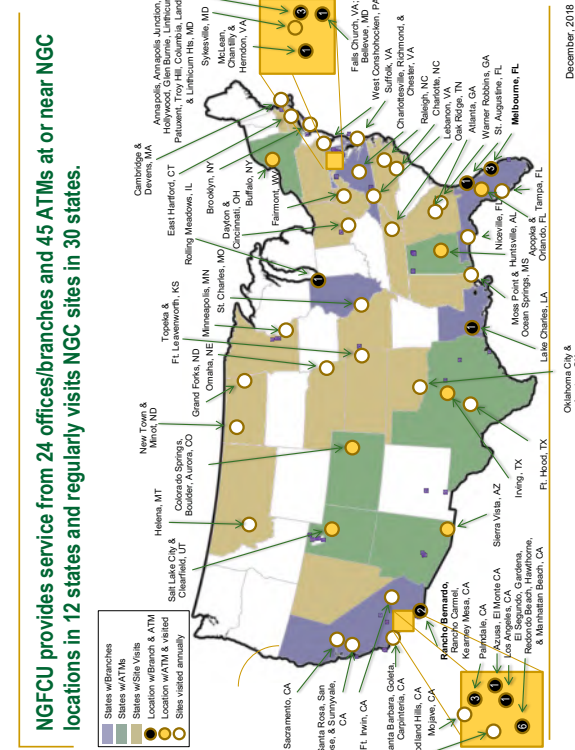
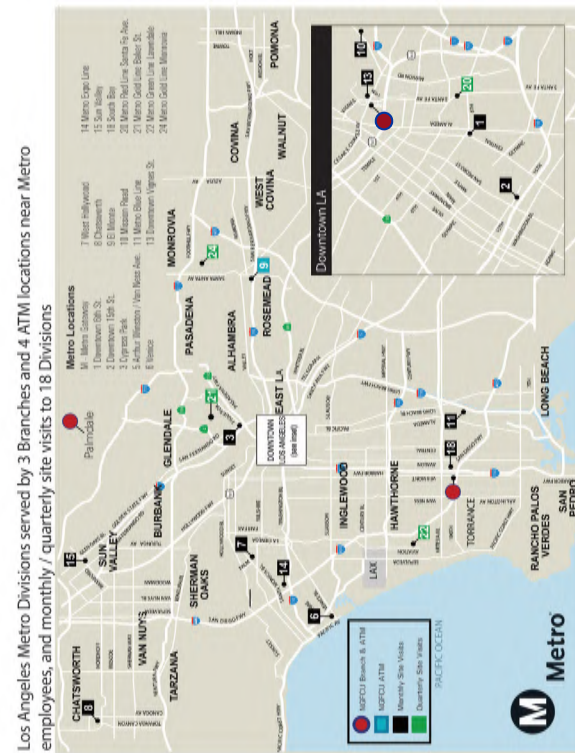
- Wayne Watanabe**, Chairman
- Matthew Barrett**, Secretary
- Jessica Couch
- Dick Daley

FLIGHT PLAN FINANCIAL SERVICES, INC. Officers and Board of Directors

- Georgetta Wolff**, Chairman
- Jim Barnfather, Secretary/Treasurer
- Maria Haq



BRANCH & ATM LOCATIONS



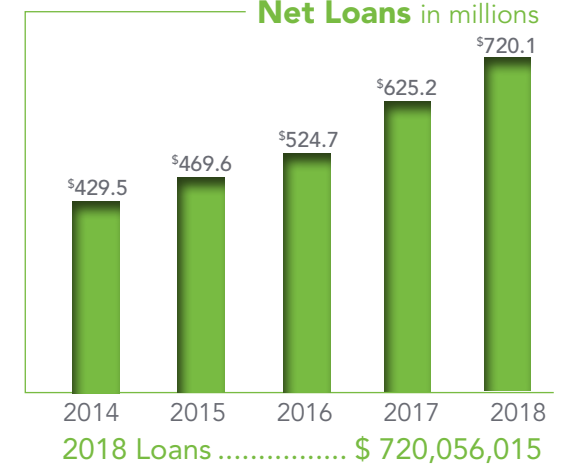
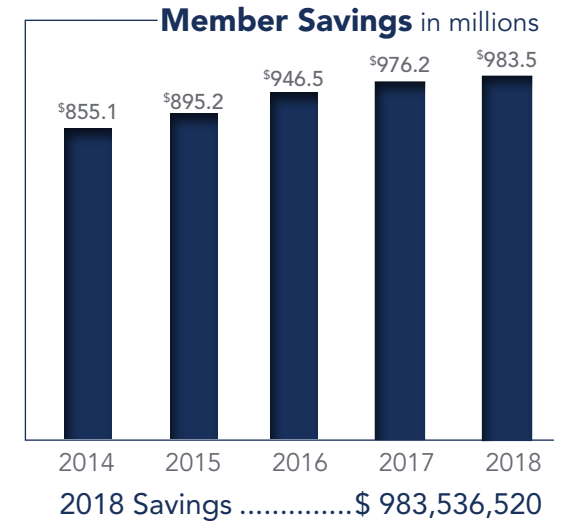
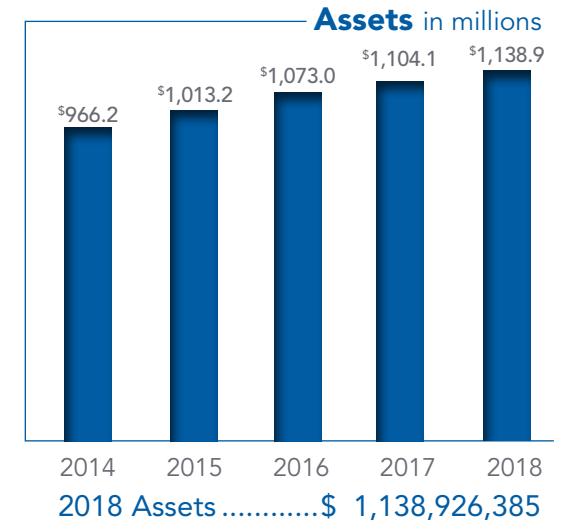
This abbreviated annual report is intended to provide summary information pertaining to the performance of Northrop Grumman Federal Credit Union. To view the complete independent auditor's report prepared by Turner, Warren, Hwang & Conrad Certified Public Accountants, visit www.ngfcu.us or call 800.633.2848 to request a copy.



Annual Report 2018 Reaching Higher



FINANCIALS



REPORT TO MEMBERS



Throughout 2018, Northrop Grumman Federal Credit Union continued to expand and improve service to its growing membership. In 2018, your Credit Union's assets grew an additional \$35 million as thousands of new members sought to share the value of NGFCU products and services.

The continued growth in member participation and engagement has produced some outstanding achievements reflected in these benchmarks posted at the end of 2018:

- \$1.139 billion of assets, ranked in the 94th percentile of United States credit unions
- \$720.1 million of loans, an increase of nearly \$95 million
- \$983.5 million of total shares
- \$214.6 million of loans granted

This performance displays considerable fiscal strength and a launch pad for continued growth through 2019.

Contributing to these accomplishments were improvements in remote service delivery channels as member suggestions encouraged the addition of new technologies to enhance the member experience. DocuSign and credit card funding during the onboarding of new members, and secure messaging of documentation were added in 2018. Additionally, the mobile banking app now offers easy login through Quick Access to set up Quick Balances, to update member contact information, place stop payments, create account nicknames, and view multiple accounts from the convenience of one mobile device.

Involvement within our sponsor communities is always pursued with the objective of providing employees with value and access to NGFCU's services. We continue to make every effort to support our sponsor community.

Moving ahead, we invite your continued support and engagement as we endeavor to surpass your expectations of service, value and convenience in 2019.

Patrick Creighton
Chair

Matthew Herbert
President/CEO

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

December 31, 2018

ASSETS

| | | |
|------------------------------------|----|-------------|
| Cash and cash equivalents..... | \$ | 11,138,710 |
| Securities available-for-sale..... | \$ | 372,334,938 |
| Other investments | \$ | 8,232,900 |
| Net loans | \$ | 720,056,015 |
| Accrued interest receivable | \$ | 3,382,023 |
| Property and equipment..... | \$ | 7,079,239 |
| NCUSIF deposit | \$ | 9,864,576 |
| Other assets..... | \$ | 6,837,985 |

Total Assets \$ 1,138,926,385

LIABILITIES AND MEMBERS' EQUITY

| | | |
|--|----|-------------|
| Members' shares..... | \$ | 983,536,520 |
| Non-Member Deposits | \$ | 25,000,000 |
| Borrowed funds | \$ | — |
| Accrued expenses and other liabilities | \$ | 13,839,424 |

Total Liabilities \$ 1,022,375,944

Members' equity..... \$ 116,550,440

Total Liabilities and Equity \$ 1,138,926,385

CONSOLIDATED STATEMENT OF INCOME

For the year ended December 31, 2018

INTEREST INCOME

| | | |
|---|----|------------|
| Interest on loans to members | \$ | 28,524,394 |
| Interest on investments and cash equivalents..... | \$ | 10,837,517 |

Total Interest Income \$ 39,361,911

INTEREST EXPENSE

| | | |
|--------------------------------------|----|-----------|
| Dividends on members' shares | \$ | 7,435,962 |
| Interest on non-member deposits..... | \$ | 437,076 |
| Interest on borrowed funds..... | \$ | 909,406 |

Total Interest Expense \$ 8,782,444

Net interest income

Provision (credit) for loan losses

Net interest income after provision (credit) for loan losses

NON-INTEREST INCOME

| | | |
|--|----|-----------|
| Fee income | \$ | 2,128,884 |
| Other-than-temporary impairment losses | \$ | (26,796) |

Less portion of other-than-temporary impairment losses recognized in other comprehensive income

Net impairment losses recognized in earnings ..

Net realized gain (loss) on sale of securities available for sale

Other non-operating income (expense)

Other non-interest income.....

Total Non-Interest Income \$ 6,136,891

NON-INTEREST EXPENSE

Compensation and benefits.....

Operations.....

Occupancy.....

Total Non-Interest Expense \$ 30,814,702

NET INCOME \$ 2,933,385