

2018 ANNUAL REPORT

LOOKING BACK

2018 was a momentous year for NW Preferred. In fact, in terms of loan growth and earnings, 2018 was the best year in our history.

Thanks to our national membership charter, we continued to expand our reach well beyond the Pacific NW. Net loan growth in 2018 exceeded \$16.1 million, bringing our total loan portfolio to \$113.7 million, a new record for NW Preferred. In 2018 we continued efforts to improve our use of technology with the introduction of our new web site and the recent debut of our new, more robust, on-line banking program.

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 2019 and the year ahead. We enter the New Year with significant momentum, thanks to the record performance of last year. We anticipate continued strong loan growth as we continue to expand our reach nationwide.

2019 will also bring some very exciting changes, especially for members looking for better returns on their savings. We will be actively looking to grow our savings portfolio to keep up with loan demand in the year ahead. This will mean better rates on our deposit products and a higher return on your hard-earned savings.

As always, thanks for your continued support of NW Preferred and best wishes for a Happy, Healthy and Prosperous New Year!

Steve Canfield, President/CEO

FINANCIAL STATEMENT *Period Ending December 31, 2018*

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, 2018, 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
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
2018	113,786,158	110,932,115	128,964,786
1 Yr. Change	16.51%	0.01%	4.10%
5 Yr. Change	29.5%	2.30%	9.1%

FINANCIALS	2018	2017
ASSETS		
Loans to Members	113,786,158	97,662,869
Allowance for Loan Loss	(969,396)	(1,396,464)
Net Loans	112,816,762	96,266,405
Cash	854,900	1,161,359
Investments	9,720,201	20,684,994
Property & Equipment (Net)	2,896,327	3,015,879
All Other Assets	2,676,596	2,758,854
Total Assets	128,964,786	123,887,491
LIABILITIES & EQUITY		
Notes Payable	0	0
Accounts Payable	489,194	362,135
All Other Liabilities	3,363,648	307,814
Total Liabilities	3,852,842	669,949
Shares	110,932,115	110,921,598
Regular Reserve	1,937,284	1,937,284
Undivided Earnings	12,242,545	10,358,660
Total Liabilities & Equity	128,964,786	123,887,491
INCOME		
Interest on Loans	5,916,840	5,109,411
Income From Investments	273,638	336,630
Other Income	1,060,834	949,246
Total Income	7,251,312	6,395,287
EXPENSES		
Salaries & Benefits	2,540,002	2,351,168
Operations	2,529,265	2,253,983
PLL	(202,000)	310,000
Dividends	503,525	420,385
Other	(3,364)	(3,485)
Total Expenses	5,367,428	5,332,051
NET INCOME (LOSS)	1,883,884	1,063,236

MONEY DISTRIBUTION

