

**Fannie Mae
Federal Credit Union
Comparative Balance Sheet
As of December 31, 1999**

Assets	1999	1998
Loans	\$ 3,793,401	\$ 4,446,793
Cash in Banks	479,602	544,870
Regular Savings		
Investments	4,034,525	2,890,293
Receivables and Other Assets	46,432	50,094
Pre-Paid and Deferred Expenses	14,934	2,801
Fixed Assets	55,225	19,950
Less: Allowance for Loan Loss	<u>(16,839)</u>	<u>(20,174)</u>
Total Assets	\$ 8,407,280	\$ 7,934,627

Liabilities and Capital

Accounts Payable	\$ 19,636	\$ 21,340
Accrued Expenses	2,956	3,781
Dividends Payable	<u>44,120</u>	<u>41,280</u>
Total Liabilities	\$ 66,712	\$ 66,401
Shares and Share Certificates	\$ 7,072,038	\$ 6,712,612
Regular Reserves	289,891	288,812
Undivided Earnings	<u>978,639</u>	<u>866,802</u>
Total Shares and Capital	\$ 8,340,568	\$ 7,868,226
Total Liabilities and Capital	\$ 8,407,280	\$ 7,934,627

**Income Statement for
Period Ended
December 31, 1999**

Income	1999	1998
Interest on Loans	\$ 316,335	\$ 333,364
Income from Investments	176,047	183,328
Miscellaneous	<u>90,971</u>	<u>67,036</u>
Operating Income		
Total Income	\$ 583,353	\$ 583,728

Expenses

Education and Promotions	\$ 3,000	\$ 4,383
Provision for Loan Loss	6,000	9,123
Examination Fees	2,265	1,800
Member Insurance	864	1,427
Association Dues	3,000	3,000
Loan Servicing Expenses	3,645	3,815
Travel and Conferences	2,830	2,472
Office Operations	40,328	35,784
Professional Services	46,699	36,843
Salaries	150,701	153,006
Miscellaneous	<u>1,686</u>	<u>(60)</u>
Operating Expenses		
Total Expenses	\$ 261,018	\$ 251,593
Net Earnings	\$ 322,335	\$ 332,135

**Statement of Reserves
and Undivided Earnings
as of December 31, 1998**

Balance: Regular	\$ 1,155,614	\$ 1,037,553
Reserves and Undivided Earnings 1998		
Add: Net Earnings	322,335	332,135
Less: Dividends Paid in 1999	(209,419)	(214,074)
Balance as of December 31, 1999	\$ 1,268,530	\$ 1,155,614

Financial and Operating Highlights

	1999	1998
Assets	\$ 8,407,280	\$ 7,934,627
Shares	\$ 7,072,038	\$ 6,712,612
Loans (Outstanding)	\$ 3,793,401	\$ 4,446,793
Income	\$ 583,353	\$ 583,728
Expenses	\$ 261,018	\$ 251,593
Net Earnings (Before Dividends)	\$ 322,335	\$ 332,135
Members	3,709	3,600

Fannie Mae Federal Credit Union

1999 Annual Report



Report of the Board of Directors

I am pleased to provide the Fannie Mae Federal Credit Union's Report to the Board of Directors for 1999.

In 1999, the Fannie Mae Federal Credit Union remained financially safe and sound and received the National Credit Union Administration's highest composite "CAMEL" rating of 1 for the sixth year in a row.

During 1999, we met our principal goal to ensure a smooth transition to the Year 2000. Our staff was on site over New Year's weekend to confirm the validity and prudence of our millennium preparations. All mission-critical procedures, applications, and systems came through with flying colors. This included the new Central Processing Unit purchased in 1999.

In 2000, the credit union plans to continue to focus on improving the services we offer to our members. At the top of our list is home banking. The Board of Directors is already moving quickly to position your credit union to offer an efficient, useable home banking system this year. You will be hearing a lot more about this in the coming months. In the short term, this will include the ability to verify balances, transfer funds between accounts, and request drafts. Future enhancements will include the ability to submit loan and membership applications online.

Fannie Mae employee-members may currently find detailed information on the credit union, our products and services, and auto and personal loan offerings on Fannie Mae's intranet, HomeSite. In 2000, your Board will continue to look for ways to better communicate with all members – including those who are Fannie Mae employees and those who are not – to keep them informed of credit union activities.

The Board of Directors and credit union volunteers appreciate your support and, as always, we welcome your comments and suggestions.

Domenic S. Grillo
President

Report of the Treasurer

The financial condition of the Fannie Mae Federal Credit Union continues to be excellent, as evidenced by the accompanying financial statements. We were financially successful by several measures. In 1999, your credit union experienced growth in the following areas:

	% Increase
Total assets	5.96%
Total shares	5.35%
Total membership	2.94%
Total reserves and equity	9.77%

We continued to provide our membership with financial soundness and competitive products and services. This was accomplished while maintaining a strong capital base. Throughout the year the Board monitored expenses and was able to keep them within the 1999 approved budget. The credit union's largest expenditure continued to be the dividends paid to members. The credit union returned 63 percent of its net income to the members in the form of dividends.

The success of the credit union during 1999 could not have been achieved if it were not for the support, patience, and dedication of the members, volunteers, and staff of the credit union.

Thank you for your support. We look forward to serving you in 2000.

Helen Bunn
Treasurer

Report of the Credit Committee

In 1999, the credit union disbursed \$2,005,763 for 247 loans, which was a decrease in loan activity from the previous year.

Despite an increasing rate environment during the year, the credit union was able to maintain competitive loan rates for the various loan products offered to members. The credit union also was able to offer various loan specials (including tax, vacation, auto, and holiday specials) at below-market rates to accommodate various borrowing needs of the membership.

The credit union will continue to seek innovative lending products with competitive rates to ensure that members' varied financial expectations are met and exceeded.

Robert Schmidt
Chairman

Report of the Supervisory Committee

During 1999, the Supervisory Committee ensured that the activities of the Fannie Mae Federal Credit Union complied with the requirements of the Federal Credit Union Act, Bylaws, and Rules and Regulations. Members of the committee also monitored cash transactions, reviewed various policies and procedures, investigated members' complaints, and made recommendations for improving the operations and services of the credit union.

In 2000, we will continue to zealously protect members' interests.

James Paige
Chairman

Credit Union Officers, Committee Members, Advisors, and Staff (as of December 31, 1999)

Board of Directors and Officers

	Term expiring
President	Domenic S. Grillo 2001
Director	Helen Bunn 2000
Director	Robert Catalanotto 2001
Director	Woodrow Jenkins 2001
Director	Susan Mickelson 2000
Director	Denise Ouellette 2000
Director	Mary Beth Preuss 2000
Director	Peter Savarino 2000
Director	Jean Schreier 2001
Director Emeritus	Bill Cupp
Director Emeritus	Robert Reid
Security Officer	Jean Schreier
General Counsel	Juliana O'Reilly

Credit Committee

Robert Schmidt, Chairman	2000
Michelle McMahon	2001
Kevin Hickey	2000
Bonita Jones	2001
Wendy Marcellino (<i>Alternate</i>)	
Ronald Poland (<i>Alternate</i>)	
Darrell Grymes (<i>Alternate</i>)	

Supervisory Committee

James Paige, Chairman
William Cupp
Karen Thompson
Stacey Montague

Advisors

Loleta Abdullah
William Cragg
Elvira French
Lawrence Gordan
Darlene Smith
Scott Steiger

Staff

Manager	Helen Bunn
Credit Union Analyst	Maritza Jackson
Credit Union Analyst	Jean Oates
Credit Union Analyst	Nancy Williams
Administrative Associate	Alva Moore