

**Fannie Mae
Federal Credit Union
Comparative Balance Sheet
As of December 31, 2003**

Assets	2003	2002
Loans	\$4,771,366	\$5,396,606
Cash in Banks	866,956	702,468
Investments	10,407,473	7,628,304
Receivables and Other Assets	81,907	66,760
Pre-Paid and Deferred Expenses	36,050	22,480
Fixed Assets	4,660	13,984
Less: Allowance for Loan Loss	<u>(17,901)</u>	<u>(23,172)</u>
Total Assets	\$16,150,511	\$13,807,430
Liabilities and Capital		
Accounts Payable	\$ 25,396	26,652
Accrued Expenses	5,103	2,372
Dividend Payable	<u>22,605</u>	<u>36,835</u>
Total Liabilities	\$ 53,104	\$ 65,859
Shares and Share Certificates	\$14,105,031	\$11,934,926
Regular Reserves	311,187	317,186
Undivided Earnings	<u>1,681,189</u>	<u>1,489,459</u>
Total Shares and Capital	\$16,097,407	\$13,741,571
Total Liabilities and Capital	\$16,150,511	\$13,807,430

**Income Statement for
Period Ended
December 31, 2003**

Income	2003	2002
Interest on Loans	\$ 298,188	\$ 364,720
Income from Investments	155,193	167,910
Miscellaneous	<u>188,864</u>	<u>184,778</u>
Operating Income		
Total Income	\$ 642,245	\$ 717,408
Expenses		
Education and Promotions	\$ 3,421	\$ 3,000
Provision for Loan Loss	6,000	6,000
Examination Fees	3,231	2,520
Member Insurance	542	550
Association Dues	3,125	3,000
Loan Servicing Expenses	2,685	4,341
Travel and Conferences	6,290	6,131
Office Operations	44,083	44,635
Professional Services	75,855	62,582
Salaries	159,308	170,073
Miscellaneous	0	<u>(32)</u>
Operating Expenses		
Total Expenses	\$ 304,540	\$ 302,800
Net Earnings	\$ 337,705	\$ 414,608

**Statement of Reserves
and Undivided Earnings
as of December 31, 2003**

Balance – Regular Reserves and Undivided Earnings 2002	\$ 1,806,645
Add: Net Earnings	337,705
Less: Dividends Paid in 2003	(151,974)
Balance as of December 31, 2003	\$ 1,992,376

Financial and Operating Highlights

	2003	2002
Assets	\$ 16,150,511	\$ 13,807,430
Shares	\$ 14,105,301	\$ 11,934,926
Loans (Outstanding)	\$ 4,771,366	\$ 5,396,606
Income	\$ 642,245	\$ 717,408
Expenses	\$ 304,540	\$ 302,800
Net Earnings (Before Dividends)	\$ 337,705	\$ 414,608
Members	5,125	5,076

Fannie Mae Federal Credit Union

2003 Annual Report



Report of the Board of Directors

I am pleased to provide the Fannie Mae Federal Credit Union's Report of the Board of Directors for 2003.

In 2003, the credit union remained financially safe and sound and again received the National Credit Union Administration's highest composite "CAMEL" rating of 1 for the tenth consecutive year. In addition, our assets continued to grow, as did our membership.

In 2003, we also further developed our member services. For example, members now have the ability to verify balances, transfer funds between accounts, and request check withdrawals online using CUSA's Home Financial Services system.

In addition, member information is now available to all members via the internet. This service, previously available only to Fannie Mae employee members via Fannie Mae's intranet, includes detailed information on our products and services, including our auto and personal loan offerings. Members can also access membership and loan applications on our website. In 2004, your Board will continue to look for opportunities to improve our communications with members on credit union activities.

Our newest service, the Electronic Bill Payment Service, was piloted during the fourth quarter of 2003 and will be ready for full member roll out in 2004. We are very pleased to offer this convenient and free service.

The Fannie Mae Federal Credit Union's Board of Directors and volunteers appreciate your support and, as always, welcome your comments and suggestions.

Domenic S. Grillo
President /Chairman of the Board

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. Throughout the year the credit union provided a safe place for our members to save. The National Credit Union Administration insures all savings in this credit union to \$100,000. Not one penny of insured savings has ever been lost by a member of a federally insured credit union.

Despite the challenges of the low interest rate environment during 2003 your credit union experienced growth in the following areas:

	% Increase
Total shares	+18.18%
Total assets	+16.96%
Total reserves and equity	+10.28%

The success of the credit union during 2003 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 2004.

Helen Bunn
Treasurer

Report of the Credit Committee

In 2003, the Fannie Mae Federal Credit Union had another good year of lending activity, disbursing \$2,305,238 for 187 loans. This is a slight decrease from 2002, due primarily to reduced loan demand resulting from very aggressive automobile dealer financing rates.

Short-term rates remained at near historic lows in 2003 and the credit union continued to offer very competitive interest rates for the various loan products available to our members. While interest rates are expected to be slightly higher in 2004 we will continue to offer our popular loan specials (including tax, vacation, auto and holiday specials) at below-market rates to accommodate the various borrowing needs of the membership.

Finally, the credit union will continue to explore new and innovative lending products with competitive rates to ensure that we will always meet and exceed our members' financial expectations.

Kevin Hickey
Chairman

Report of the Supervisory Committee

During 2003, 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 2004, we will continue to zealously protect members' interests..

James Paige
Chairman

Officers and Credit Union Staff (as of December 31, 2003)

Board of Directors and Officers

	Term expiring
President	Domenic Grillo 2005
Director	Loleta Abdullah 2005
Director	Helen Bunn 2004
Director	Robert Catalanotto 2005
Director	Tim Hyde 2005
Director	Woodrow Jenkins 2005
Director	Susan Mickelson 2004
Director	Mary Beth Preuss 2004
Director	Peter Savarino 2004
Director Emeritus	Bill Cupp
Director Emeritus	Robert Reid
Security Officer	Tim Hyde
General Counsel	Randall McFarlane

Credit Committee

Kevin Hickey, Chairman	2004
Darrell Grymes	2004
Bonita Jones	2005
Michelle McMahon	2005
Robert B. Schmidt	2004
Wendy Marcellino (Alternate)	

Supervisory Committee

James Paige, Chairman
William Cupp
Andrew Hogans
Stacey Montague
Karen Thompson

Staff

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

Credit Union Advisors

Paul Barretto
William F. Cragg
Elvira French
Lawrence Gordon
Jean Schreiber
Darlene Smith
Scott C. Steiger