

**Fannie Mae  
Federal Credit Union  
Comparative Balance Sheet  
As of December 31, 2004**

<b>Assets</b>	<b>2004</b>	<b>2003</b>
Loans	\$4,469,352	\$4,771,366
Cash in Banks	674,358	866,956
Investments	11,503,974	10,407,473
Receivables and Other Assets	52,035	81,907
Pre-Paid and Deferred Expenses	31,178	36,050
Fixed Assets	0	4,660
Less: Allowance for Loan Loss	<u>(21,333)</u>	<u>(17,901)</u>
<b>Total Assets</b>	<b><u>\$16,709,564</u></b>	<b><u>\$16,150,511</u></b>

**Liabilities and Capital**

Accounts Payable	\$ 14,340	25,396
Accrued Expenses	7,220	5,103
Dividend Payable	<u>22,994</u>	<u>22,605</u>
<b>Total Liabilities</b>	<b>\$ 44,554</b>	<b>\$ 53,104</b>
Shares and Share Certificates	\$14,475,484	\$14,105,031
Regular Reserves	305,187	311,187
Undivided Earnings	<u>1,884,339</u>	<u>1,681,189</u>
<b>Total Shares and Capital</b>	<b>\$16,665,010</b>	<b>\$16,097,407</b>
<b>Total Liabilities and Capital</b>	<b><u>\$16,709,564</u></b>	<b><u>\$16,150,511</u></b>

**Income Statement for  
Period Ended  
December 31, 2004**

<b>Income</b>	<b>2004</b>	<b>2003</b>
Interest on Loans	\$ 245,750	\$ 298,188
Income from Investments	202,911	155,193
Miscellaneous	<u>176,782</u>	<u>188,864</u>
Operating Income		
<b>Total Income</b>	<b>\$ <u>625,443</u></b>	<b>\$ <u>642,245</u></b>

**Expenses**

Education and Promotions	\$ 3,121	\$ 3,421
Provision for Loan Loss	6,000	6,000
Examination Fees	3,350	3,231
Member Insurance	541	542
Association Dues	3,120	3,125
Loan Servicing Expenses	2,135	2,685
Travel and Conferences	7,971	6,290
Office Operations	37,376	44,083
Professional Services	83,309	75,855
Salaries	155,514	159,308
Miscellaneous	<u>1,347</u>	<u>0</u>
Operating Expenses		
<b>Total Expenses</b>	<b>\$ 303,784</b>	<b>\$ 304,540</b>
<b>Net Earnings</b>	<b>\$ <u>321,659</u></b>	<b>\$ <u>337,705</u></b>

**Statement of Reserves  
and Undivided Earnings  
as of December 31, 2004**

Balance – Regular Reserves and Undivided Earnings 2003	\$ 1,992,376
Add: Net Earnings	321,659
Less: Dividends Paid in 2004	(124,509)
<b>Balance as of December 31, 2004</b>	<b>\$ <u>2,189,526</u></b>

**Financial and Operating Highlights**

	<b>2004</b>	<b>2003</b>
Assets	\$ 16,709,564	\$ 16,150,511
Shares	\$ 14,475,484	\$ 14,105,301
Loans (Outstanding)	\$ 4,469,352	\$ 4,771,366
Income	\$ 625,443	\$ 642,245
Expenses	\$ 303,784	\$ 304,540
Net Earnings (Before Dividends)	\$ 321,659	\$ 337,705
Members	5,418	5,125

# Fannie Mae Federal Credit Union

## *2004 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 2004.

The credit union remained financially safe and sound in 2004 and again received the National Credit Union Administration's highest composite "CAMEL" rating of 1 for the eleventh consecutive year. In addition, our assets continued to grow, as did our membership.

In 2004, we further expanded our member services. Our newest service, the Electronic Bill Payment Service, was piloted during the fourth quarter of 2003, and was made available to all members in 2004. Currently, over 100 members use this quick, easy, and convenient service and **it's free!** This service is in addition to our Home Financial Services system that offers users the ability to verify balances, transfer funds between accounts, and request check withdrawals online.

Credit union information remains available to all of our members via the Internet. Our Website provides detailed information on our products and services, including our auto and personal loan offerings as well as membership and loan applications.

We will continue to explore new member services in the future. Currently we are evaluating risk-based lending to allow us to offer our members the best rate available based on their credit worthiness. Watch for more details on this soon.

On a final note, Bob Catalanotto, a Fannie Mae Federal Credit Union board member and volunteer for many years, was elected to succeed me as Chairman of the Board at our March 2005 Board of Directors' meeting, since I am retiring in June of this year. It has been an honor to serve for so many years as Chairman and as a Board member of our fine credit union.

---

Domenic S. Grillo  
*Chairman of the Board  
(outgoing)*

## 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. Attention was focused on managing risk and preventing losses that directly impact the bottom line.

Total assets of the credit union increased by 3.46% and total savings increased by 2.62%. Total income for 2004 decreased by 2.62% and total expenses decreased by 0.24%.

Even as the Federal Reserve increased interest rates during the latter part of 2004, your credit union kept loan interest rates constant. During the same period of time, the credit union increased the dividend rates paid on certificate accounts.

By effectively managing our expenses we were able to increase reserves and equity by 9.89%.

The success of the credit union during 2004 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 2005.

---

Helen Bunn  
*Treasurer*

## Report of the Credit Committee

In 2004, the Fannie Mae Federal Credit Union had another good year of lending activity, disbursing \$2,399,318 for loans. This level of loan activity was generally the same level as our 2003 loan closings. Demand for credit union financing continues to be affected by aggressive automobile dealer and competing financial institution borrowing rates.

Interest rates, both short- and long-term, edged upward over the past year, mostly in response to Federal Reserve tightening. Only modest increases in consumer borrowing rates are projected for 2005. 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. In 2005, we plan to implement a risk-based pricing loan program that will reward our highest quality borrowers.

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

---

Kevin Hickey  
*Chairman*

## Report of the Supervisory Committee

During 2004, 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 2005, we will continue to zealously protect members' interests.

---

James Paige  
*Chairman*

## Officers and Credit Union Staff (as of December 31, 2004)

### Board of Directors and Officers

	<b>Term expiring</b>
<b>Chairman of the Board</b> Domenic Grillo	2005
<b>Director</b> Loleta Abdullah	2006
<b>Director/Treasurer</b> Helen Bunn	2006
<b>Director</b> Robert Catalanotto	2005
<b>Director</b> Walter Hill	2006
<b>Director/Secretary</b> Tim Hyde	2005
<b>Director</b> Woodrow Jenkins	2005
<b>Director</b> Susan Mickelson	2006
<b>Director</b> Peter Savarino	2006
<b>Director Emeritus</b> Bill Cupp	
<b>Director Emeritus</b> Robert Reid	
<b>Security Officer</b> Tim Hyde	
<b>General Counsel</b> Randall McFarlane	

### Credit Committee

Kevin Hickey, Chairman	2006
Ezzard Alves	2005
Bonita Jones	2005
Barbara Materre	2005
Robert B. Schmidt	2006
Wendy Marcellino (Alternate)	

### Supervisory Committee

James Paige, Chairman  
William Cupp  
Stacey Bryant

### Staff

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

### Credit Union Advisors

Paul Barretto  
Jean Schreier