

**Fannie Mae
Federal Credit Union
Comparative Balance Sheet
As of December 31, 2006**

Assets	2006	2005
Loans	\$ 3,908,092	\$ 4,570,253
Cash in Banks		
Regular Savings	930,589	1,415,164
Investments	10,428,544	9,882,331
Receivables and Other Assets	65,577	49,012
Pre-Paid and Deferred Expenses	30,921	32,357
Fixed Assets	0	0
Less: Allowance for Loan Loss	<u>(21,748)</u>	<u>(25,899)</u>
Total Assets	\$ <u>15,341,975</u>	\$ <u>15,923,218</u>

Liabilities and Capital

Accounts Payable	\$ 15,087	\$ 16,194
Accrued Expenses	26,291	17,991
Dividend Payable	19,956	21,280
Total Liabilities	\$ 61,334	\$ 55,465
Shares and Share Certificates	\$ 12,485,013	\$ 13,427,612
Regular Reserves	299,187	299,187
Undivided Earnings	<u>2,496,441</u>	<u>2,140,954</u>
Total Shares and Capital	\$ 15,280,641	\$ 15,867,753
Total Liabilities and Capital	\$ <u>15,341,975</u>	\$ <u>15,923,218</u>

**Income Statement for
Period Ended
December 31, 2006**

Income	2006	2005
Interest on Loans	\$ 226,224	\$ 227,689
Income from Investments	439,518	323,223
Miscellaneous		
Operating Income	<u>121,141</u>	<u>141,222</u>
Total Income	\$ <u>786,883</u>	\$ <u>692,134</u>
Expenses		
Education and Promotions	\$ 1,500	\$ 3,000
Provision for Loan Loss	0	6,000
Examination Fees	3,600	3,600
Member Insurance	541	541
Association Dues	3,120	3,120
Loan Servicing Expenses	1,916	2,735
Travel and Conferences	9,032	3,686
Office Operations	30,813	31,816
Professional Services	87,821	88,999
Salaries	162,428	159,985
Miscellaneous		
Operating Expenses	<u>(72)</u>	<u>0</u>
Total Expenses	\$ 300,699	\$ 303,482
Net Earnings	\$ <u>486,184</u>	\$ <u>388,652</u>

**Statement of Reserves
and Undivided Earnings
as of December 31, 2006**

Balance – Regular	
Reserves and Undivided	
Earnings 2005	\$ 2,440,141
Add: Net Earnings	486,184
Less: Dividends Paid	
in 2006	(130,696)
Balance as of	
December 31, 2006	\$ <u>2,795,629</u>

Financial and Operating Highlights

	2006	2005
Assets	\$ 15,341,975	\$ 15,923,218
Shares	\$ 12,485,013	\$ 13,427,612
Loans (Outstanding)	\$ 3,908,092	\$ 4,570,253
Income	\$ 786,883	\$ 692,134
Expenses	\$ 300,699	\$ 303,482
Net Earnings (Before Dividends)	\$ 486,184	\$ 388,652
Members	5,652	5,492

Fannie Mae Federal Credit Union

2006 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 2006.

The credit union remained financially safe and sound in 2006 and again received the National Credit Union Administration's highest composite "CAMEL" rating of 1 for the thirteenth consecutive year.

2006 was an introspective year for the credit union as we strived to improve our overall service to our members. In that vein we developed and distributed a survey to all of our members in order to collect your thoughts on what products and services are most meaningful to you. Results were compiled and we hope to address the feedback with enhancements in 2007.

In 2006 the credit union dedicated time and resources in an effort to expand on our product offering to include a full line of first mortgage products. We expect to announce this exciting new offering early in 2007 and begin offering a full line of first mortgage products to members in the second quarter of 2007.

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. In 2006 we also evaluated our Website for content and ease of use. We plan to roll out a new and improved Website next year. Watch for more details on this soon.

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

Robert Catalanotto
Chairman of the Board

Report of the President

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 and invest. The Board continued to focus on managing risk and preventing losses.

Throughout the year the Board monitored expenses and kept them below the 2005 level. During 2006 your credit union continued to build capital and reserves, increasing reserves and equity by 14.50 percent. Maintaining and building a strong capital base allows the credit union to offer new and improved services to its members.

The success of the credit union during 2006 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 2007.

Helen Bunn
President

Report of the Credit Committee

In 2006, the Fannie Mae Federal Credit Union disbursed 131 loans for a total of \$1.6M. The credit union also processed 221 Employer Assisted Housing Loans for a total of \$4.9M. The credit union continues to offer competitive rates on a variety of loan products. The Risk Based Pricing model implemented in 2005 affords the credit union a level of loan flexibility previously not available. Although rates in 2007 will again be subject to various economic and national trends, the credit union will continue to offer a wide variety of products and special programs to meet the memberships needs.

Robert B. Schmidt
Chairman

Report of the Supervisory Committee

During 2006, 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 2007, we will continue to zealously protect members' interests.

Timothy Hyde
Chairman

Officers and Credit Union Staff (as of December 31, 2006)

Board of Directors and Officers

		Term expiring
Chairman of the Board	Robert Catalanotto	2007
Director	Loleta Abdullah	2008
Director/Treasurer	Helen Bunn	2008
Director	Kevin Hickey	2007
Director	Walter Hill	2008
Director/Secretary	Tim Hyde	2007
Director	Woodrow Jenkins	2007
Director	Susan Mickelson	2008
Director	Peter Savarino	2008
Director Emeritus	Bill Cupp	
Director Emeritus	Robert Reid	
Security Officer	Tim Hyde	
General Counsel	Randall McFarlane	

Credit Committee

Robert B. Schmidt, Chairman	2008
Ezzard Alves	2007
Bonita Jones	2007
Barbara Materre	2007
Wendy Wood	2008
Robert Koller (Alternate)	
Raymond Leech (Alternate)	
Lisa D. Williams (Alternate)	

Supervisory Committee

Tim Hyde, 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 Advisor

Paul Barretto