

**Fannie Mae
Federal Credit Union
Comparative Balance Sheet
As of December 31, 2007**

Assets	2007	2006
Loans	\$ 2,976,824	\$ 3,908,092
Cash in Banks		
Regular Savings	973,968	930,589
Investments	10,892,292	10,428,544
Receivables and Other Assets	94,890	65,577
Pre-Paid and Deferred Expenses	30,641	30,921
Fixed Assets	0	0
Less: Allowance for Loan Loss	<u>(25,529)</u>	<u>(21,748)</u>
Total Assets	\$ <u>14,943,086</u>	\$ <u>15,341,975</u>

Liabilities and Capital

Accounts Payable	\$ 21,171	\$ 15,087
Accrued Expenses	24,770	26,291
Dividend Payable	18,174	19,956
Total Liabilities	\$ 64,115	\$ 61,334
Shares and Share Certificates	\$ 11,658,722	\$ 12,485,013
Regular Reserves	299,187	299,187
Undivided Earnings	<u>2,921,062</u>	<u>2,496,441</u>
Total Shares and Capital	\$ 14,878,971	\$ 15,280,641
Total Liabilities and Capital	\$ <u>14,943,086</u>	\$ <u>15,341,975</u>

**Income Statement for
Period Ended
December 31, 2007**

Income	2007	2006
Interest on Loans	\$ 210,060	\$ 226,224
Income from Investments	527,516	439,518
Miscellaneous		
Operating Income	<u>143,288</u>	<u>121,141</u>
Total Income	\$ <u>880,864</u>	\$ <u>786,883</u>

Expenses

Education and Promotions	\$ 1,500	\$ 1,500
Provision for Loan Loss	19,000	0
Examination Fees	3,600	3,600
Member Insurance	776	541
Association Dues	3,120	3,120
Loan Servicing Expenses	1,875	1,916
Travel and Conferences	5,169	9,032
Office Operations	32,070	30,813
Professional Services	87,341	87,821
Salaries	180,184	162,428
Miscellaneous		
Operating Expenses	<u>(72)</u>	<u>(72)</u>
Total Expenses	\$ 334,635	\$ 300,699
Net Earnings	\$ <u>546,229</u>	\$ <u>486,184</u>

**Statement of Reserves
and Undivided Earnings
as of December 31, 2007**

Balance – Regular	
Reserves and Undivided	
Earnings 2006	\$ 2,795,629
Add: Net Earnings	546,229
Less: Dividends Paid	
in 2007	(121,608)
Balance as of	
December 31, 2007	\$ <u>3,220,250</u>

Financial and Operating Highlights

	2006	2007
Assets	\$ 15,341,975	\$ 14,943,086
Shares	\$ 12,485,013	\$ 11,658,722
Loans (Outstanding)	\$ 3,908,092	\$ 2,976,824
Income	\$ 786,883	\$ 880,864
Expenses	\$ 300,699	\$ 334,635
Net Earnings (Before Dividends)	\$ 486,184	\$ 546,229
Members	5,652	5,733

Fannie Mae Federal Credit Union

2007 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 2007.

The credit union remained financially safe and sound in 2007 and again received the National Credit Union Administration's highest composite "CAMEL" rating of 1 for the fourteenth consecutive year.

As you may know, the Fannie Mae Federal Credit Union is a separate and distinct entity from Fannie Mae. It is regulated by the National Credit Union Administration (NCUA) and sponsored by Fannie Mae. Organizational sponsors support the initial formation of the independent institution; their support can vary from organization to organization.

Periodically, the credit union and Fannie Mae review the relationship between the two entities and may align the agreement as conditions warrant. In 2007 the credit union and Fannie Mae reviewed our relationship and re-aligned our agreement to reflect current conditions. Unfortunately, there was some confusion and misinformation that circulated among our members regarding Fannie Mae's continued sponsorship as a result of these discussions. We regret any confusion or concern this may have caused our members. As a member of the credit union, it is important to know that Fannie Mae has been an excellent sponsor of the credit union over the past 30 years and that support continues today.

In 2007 the credit union continued to dedicate time and resources to expanding our loan products and services. We were very excited to begin providing a full line of first mortgage products through our mortgage partner, CUMA (Credit Union Mortgage Association), to members. This new offering was positively received and we closed our first mortgage in 2007.

The credit union is committed to improving 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 which products and services are most meaningful to you. We received helpful feedback that reinforced the value we provide as well as provided opportunities for improvement going forward.

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 full line of first mortgage products, auto and personal loan offerings, as well as membership and loan applications. We will continue to evaluate our Website for content and ease of use.

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 near the 2006 level. During 2007 your credit union continued to build capital and reserves, increasing reserves and equity by 15.19 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 2007 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 2008.

Helen Bunn
President

Report of the Credit Committee

In 2007, the Fannie Mae Federal Credit Union disbursed 103 loans for a total of \$1.1 million. The Credit Union also processed 335 Employer Assisted Housing Loans for a total of \$8.5 million. The Employer Assisted Housing Program is just one of the many products and services offered to meet a diverse membership and their individual needs.

For new loan services the credit union commenced a partnership with CUMA (Credit Union Mortgage Association) to allow members another avenue to receive a first mortgage loan.

The Risk Based Pricing model continues to allow the credit union flexibility in approving loans for members who might not have stellar credit.

The credit union will continue to offer products at competitive rates and will strive to meet members' financial goals.

Robert B. Schmidt
Chairman

Report of the Supervisory Committee

During 2007, 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 2008, we will continue to zealously protect members' interests.

Timothy Hyde
Chairman

Officers and Credit Union Staff (as of December 31, 2007)

Board of Directors and Officers

		Term expiring
Chairman of the Board	Robert Catalanotto	2009
Director	Loleta Abdullah	2008
Director/Treasurer	Helen Bunn	2008
Director	Kevin Hickey	2009
Director	Walter Hill	2008
Director/Secretary	Tim Hyde	2009
Director	Richard Depetris	2009
Director	Susan Mickelson	2008
Director Emeritus	Peter Savarino	2008
Security Officer	Bill Cupp	
General Counsel	Tim Hyde	
	Gregory Wach	

Credit Committee

Robert B. Schmidt, <i>Chairman</i>	2008
Ezzard Alves	2009
Raymond Leech	2009
Lisa Williams	2009
Wendy Wood	2008

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