



Fannie Mae Federal Credit Union 2009 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 2009.

The credit union remained financially safe and sound in 2009. As you know, 2009 was again a challenging year for the financial services industry. Although the credit union was not a participant in the high risk products and instruments that challenged the industry, it was not immune to the negative economic impact — specifically, the downward pressure placed on investment portfolios. Return on investments continued to decline in 2009 to record lows as higher yielding investments came due or were called by the issuers. These funds were re-invested at significantly lower interest rates resulting in lower returns to the credit union for 2009. However, in spite of the lower investment income, the credit union remains well capitalized. The National Credit Union Administration (NCUA) classifies a credit union as well capitalized if it has capital of seven percent. The Fannie Mae Federal Credit Union is classified as well capitalized with over twenty percent in capital.

In 2009 the credit union successfully installed a new computer system. The new computer system has enabled the credit union to continue to provide quality service to our members.

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.

Undoubtedly we will face additional challenges in 2010 as the overall economy and the financial services industry recovers from the economic crisis. However, I want to assure you that the Fannie Mae Federal Credit Union remains strong today and is prepared to manage effectively through the challenges of the new year.

On a personal note and on behalf of the credit union, I would like recognize the loss of our long time colleague, Jean Oates. Jean was part of the Fannie Mae Federal Credit Union team for over twenty-three years. She is sorely missed.

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. Throughout the year the credit union provided a safe place for our members to save and invest.

In 2009 the entire credit union industry felt the aftershocks of the greatest economic turmoil since the Great Depression. The NCUA placed the two

largest corporate credit unions into conservatorship. Credit unions across the nation had to assist in the rebuilding of the National Credit Union Share Insurance Fund; Fannie Mae Federal Credit Union's portion of the expense was \$87,550. While this was an unexpected expense, our reserves were sufficient to absorb this payment. Although earnings decreased as a result of this situation, your credit union remains safe and sound with a net worth above 20 percent.

Despite the troubled economy, Fannie Mae Federal Credit Union managed an impressive year of growth. Overall, loans increased 9.5 percent and shares increased 6.2 percent from 2008.

The success of the credit union during 2009 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 2010.

Helen Bunn, *President*

Report of the Credit Committee

In 2009, the Fannie Mae Federal Credit Union disbursed 100 loans for a total of \$1.4 million. The credit union also processed 180 Employer-Assisted Housing Loans for a total of \$3.5 million. This program is just one of the many products and services offered to meet the individual needs of our diverse membership.

Our risk-based pricing model continues to allow the credit union flexibility in approving loans for members that might not have stellar credit.

In times of economic uncertainty, your credit union continues to offer a wide range of competitively priced products to meet member's individual financial goals.

Ezzard Alves, *Chairman*

Report of the Supervisory Committee

During 2009, 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 2010, we will continue to zealously protect members' interests.

Jean Schreier, *Chairman*

Credit Union Directors, Officers, Committee Members, and Staff (as of December 31, 2009)

Board of Directors and Officers

		Term expiring
Chairman of the Board	Robert Catalanotto	2011
Director	Paul Barretto	2010
Director/Treasurer	Helen Bunn	2010
Director	Kevin Hickey	2011
Director	Susan Mickelson	2010
Director/Secretary	John Richards	2011
Director	Peter Savarino	2010
Director	Jean Schreier	2011
Director	Larry Stowers	2010
Director Emeritus	William Cupp	
Security Officer	Jean Schreier	
General Counsel	Patricia Mugavero	

Credit Committee

Lois Alexander
Ezzard Alves
Scott Douglass
Staci Hansen
Angela Tillery
Wendy Wood

Supervisory Committee

Jean Schreier, *Chairman*
William Cupp
Stacey Bryant

Staff

President
Credit Union Analyst
Credit Union Analyst
Administrative Associate

Helen Bunn
Nancy Williams
Hope Graves
Helen Grymes

**Fannie Mae Federal Credit Union
Comparative Balance Sheet
As of December 31, 2009**

Assets	2009	2008
Loans	\$ 2,365,935	\$ 2,159,298
Cash in Banks		
Regular Savings	1,395,313	682,956
Investments	10,758,746	11,038,960
Receivables and Other Assets	37,650	153,006
Pre-Paid and Deferred Expenses	30,351	29,858
Fixed Assets	58,792	31,939
Less: Allowance for Loan Loss	<u>(23,762)</u>	<u>(19,339)</u>
Total Assets	\$ 14,623,025	\$ 14,076,678

Liabilities and Capital

Accounts Payable	\$ 2,918	\$ 1,826
Accrued Expenses	14,432	46,140
Dividend Payable	<u>10,813</u>	<u>16,157</u>
Total Liabilities	\$ 28,163	\$ 64,123
Shares and Share Certificates	\$ 11,301,764	\$ 10,640,142
Regular Reserves	299,187	299,187
Undivided Earnings	<u>2,993,911</u>	<u>3,073,226</u>
Total Shares and Capital	\$ 14,594,862	\$ 14,012,555
Total Liabilities and Capital	\$ 14,623,025	\$ 14,076,678

**Income Statement for
Period Ended
December 31, 2009**

Income	2009	2008
Interest on Loans	\$ 131,040	\$ 161,311
Income from Investments	233,235	445,375
Miscellaneous		
Operating Income	102,229	123,003
NCUSIF Adjustment	<u>71,270</u>	<u>0</u>
Total Income	\$ 537,774	\$ 729,689
Expenses		
Education and Promotions	\$ 1,500	\$ 1,500
Provision for Loan Loss	24,000	24,000
Examination Fees	3,600	3,600
Member Insurance	878	812
Association Dues	3,120	3,120
Loan Servicing Expenses	2,038	2,638
Travel and Conferences	3,896	6,373
Office Operations	39,338	33,178
Professional Services	95,719	87,337
Salaries	268,147	295,929
Miscellaneous		
Operating Expenses	50	0
NCUA Share Insurance	<u>87,550</u>	<u>(63)</u>
Total Expenses	\$ 529,836	\$ 458,422
Net Earnings	\$ 7,938	\$ 271,267

**Statement of Reserves
and Undivided Earnings
as of December 31, 2009**

Balance – Regular Reserves and Undivided Earnings 2008	\$ 3,372,413
Add: Net Earnings	7,938
Less: Dividends Paid in 2008	<u>(87,253)</u>
Balance as of December 31, 2008	\$ 3,293,098

Financial and Operating Highlights	2009	2008
Assets	\$ 14,623,025	\$ 14,076,678
Shares	\$ 11,301,764	\$ 10,640,142
Loans (Outstanding)	\$ 2,365,935	\$ 2,159,298
Income	\$ 537,774	\$ 729,689
Expenses	\$ 529,836	\$ 458,422
Net Earnings (Before Dividends)	\$ 7,938	\$ 271,267
Members	5,722	5,661