



# Fannie Mae Federal Credit Union 2010 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 2010.

The credit union remained financially safe and sound in 2010. As you know, 2010 was again a challenging year for the financial services industry. Despite the lingering economic challenges facing our country and the financial services industry, the Fannie Mae Federal Credit Union increased its asset size by 4.4 percent from the previous year. As in 2009, downward pressure continues to be placed on the investment portfolios. Return on investments continued to decline in 2010 to record lows as higher-yielding investments came due or were called by the issuers. These funds were re-invested at lower interest rates resulting in lower returns to the credit union for 2010. However, in spite of the lower investment income, the credit union remains well capitalized. Our regulator, The National Credit Union Administration (NCUA), classifies a credit union as well capitalized if it has capital of at least 7 percent. The Fannie Mae Federal Credit Union is classified as well capitalized with over 20 percent in capital.

Credit union information remains available to all of our members via the Internet. Our Web site 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 2011 as the overall economy and the financial services industry recover from the greatest economic crisis since the Great Depression. However, I want to assure you that the Fannie Mae Federal Credit Union remains strong today and is prepared to manage itself effectively through the challenges of the coming year.

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.

During 2010 the entire credit union industry continued to feel the after-shocks of the greatest economic turmoil since the Great Depression. The National Credit Union Administration (NCUA) placed additional large corporate credit unions into conservatorship. Credit unions across the nation once again had to assist in the rebuilding of the National Credit Union Share Insurance Fund. These assessments paid to NCUA caused our earnings to decrease significantly. However, 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, shares increased 6 percent and assets increased 4.4 percent from 2009.

The success of the credit union during 2010 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 2011.

Helen Bunn, *President*

## Report of the Credit Committee

In 2010, the Fannie Mae Federal Credit Union disbursed 71 loans for a total of \$1.0 million. The credit union also processed 286 Employer-Assisted Housing Loans for a total of \$5.2 million. The Employer-Assisted Housing Loan program is just one of the many products and services offered to meet a diverse membership and their individual needs.

Our risk-based pricing model continues to allow the credit union flexibility in approving loans for members who 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 2010, 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 2011, we will continue to zealously protect members' interests.

Jean Schreier, *Chairman*

## Credit Union Directors, Officers, Committee Members, and Staff (as of December 31, 2010)

### Board of Directors and Officers

		Term expiring	Credit Committee	Supervisory Committee
<b>Chairman of the Board</b>	Robert Catalanotto	2011	Lois Alexander	Jean Schreier, <i>Chairman</i>
<b>Director</b>	Paul Barretto	2012	Ezzard Alves	William Cupp
<b>Director/Treasurer</b>	Helen Bunn	2012	Scott Douglass	Stacey Bryant
<b>Director</b>	Kevin Hickey	2011	Staci Hansen	
<b>Director</b>	Susan Mickelson	2012	Angela Tillery	
<b>Director/Secretary</b>	John Richards	2011	Wendy Wood	
<b>Director</b>	Peter Savarino	2012		
<b>Director</b>	Jean Schreier	2011	<b>Staff</b>	
<b>Director</b>	Larry Stowers	2012	President	Helen Bunn
<b>Director Emeritus</b>	William Cupp		Credit Union Analyst	Nancy Williams
<b>Security Officer</b>	Jean Schreier		Credit Union Analyst	Hope Graves
<b>General Counsel</b>	Melissa Garza		Administrative Associate	Helen Grymes

**Fannie Mae Federal Credit Union  
Comparative Balance Sheet  
As of December 31, 2010**

<b>Assets</b>	<b>2010</b>	<b>2009</b>
Loans	\$ 2,201,775	\$ 2,365,935
Cash in Banks		
Regular Savings	1,341,145	1,395,313
Investments	11,628,373	10,758,746
Receivables and		
Other Assets	50,855	37,650
Pre-Paid and		
Deferred Expenses	32,794	30,351
Fixed Assets	45,965	58,792
Less: Allowance for		
Loan Loss	(33,452)	(23,762)
<b>Total Assets</b>	<b>\$ 15,267,455</b>	<b>\$ 14,623,025</b>
<b>Liabilities and Capital</b>		
Accounts Payable	\$ 1,459	\$ 2,918
Accrued Expenses	13,526	14,432
Dividend Payable	11,699	10,813
<b>Total Liabilities</b>	<b>\$ 26,684</b>	<b>\$ 28,163</b>
Shares and		
Share Certificates	\$ 11,980,381	\$ 11,301,764
Regular Reserves	299,187	299,187
Undivided Earnings	2,961,203	2,993,911
<b>Total Shares and Capital</b>	<b>\$ 15,240,771</b>	<b>\$ 14,594,862</b>
<b>Total Liabilities and Capital</b>	<b>\$ 15,267,455</b>	<b>\$ 14,623,025</b>

**Income Statement for  
Period Ended  
December 31, 2010**

<b>Income</b>	<b>2010</b>	<b>2009</b>
Interest on Loans	\$ 127,681	\$ 131,040
Income from Investments	189,719	233,235
Miscellaneous		
Operating Income	181,524	102,229
NCUSIF Adjustment	0	71,270
<b>Total Income</b>	<b>\$ 498,924</b>	<b>\$ 537,774</b>
<b>Expenses</b>		
Education and Promotions	\$ 1,500	\$ 1,500
Provision for Loan Loss	14,847	24,000
Examination Fees	3,600	3,600
Member Insurance	891	878
Association Dues	3,120	3,120
Loan Servicing Expenses	2,085	2,038
Travel and Conferences	356	3,896
Office Operations	47,156	39,338
Professional Services	100,142	95,719
Salaries	255,249	268,147
Miscellaneous		
Operating Expenses	91	50
NCUA Share Insurance	29,661	87,550
<b>Total Expenses</b>	<b>\$ 458,698</b>	<b>\$ 529,836</b>
<b>Net Earnings</b>	<b>\$ 40,226</b>	<b>\$ 7,938</b>

**Statement of Reserves  
and Undivided Earnings  
as of December 31, 2010**

Balance – Regular Reserves and Undivided Earnings 2009	\$ 3,293,098
Add: Net Earnings	40,225
Less: Dividends Paid in 2010	(72,933)
Balance as of December 31, 2010	<b>\$ 3,260,390</b>

<b>Financial and Operating Highlights</b>	<b>2010</b>	<b>2009</b>
Assets	\$ 15,267,455	\$ 14,623,025
Shares	\$ 11,980,381	\$ 11,301,764
Loans (Outstanding)	\$ 2,201,775	\$ 2,365,935
Income	\$ 498,924	\$ 537,774
Expenses	\$ 458,698	\$ 529,836
Net Earnings (Before Dividends)	\$ 40,226	\$ 7,938
Members	5,961	5,722