

**Fannie Mae  
Federal Credit Union  
Comparative Balance Sheet  
As of December 31, 2005**

<b>Assets</b>	<b>2005</b>	<b>2004</b>
Loans	\$ 4,570,253	\$ 4,469,352
Cash in Banks		
Regular Savings	1,415,164	674,358
Investments	9,882,331	11,503,974
Receivables and Other Assets	49,012	52,035
Pre-Paid and Deferred Expenses	32,357	31,178
Fixed Assets	0	0
Less: Allowance for Loan Loss	<u>(25,899)</u>	<u>(21,333)</u>
<b>Total Assets</b>	<b>\$ 15,923,218</b>	<b>\$ 16,709,564</b>
 <b>Liabilities and Capital</b>		
Accounts Payable	\$ 16,194	\$ 14,340
Accrued Expenses	17,991	7,220
Dividend Payable	21,280	22,994
<b>Total Liabilities</b>	<b>\$55,465</b>	<b>\$44,554</b>
Shares and Share Certificates	\$ 13,427,612	\$ 14,475,484
Regular Reserves	299,187	305,187
Undivided Earnings	<u>2,140,954</u>	<u>1,884,339</u>
<b>Total Shares and Capital</b>	<b>\$ 15,867,753</b>	<b>\$ 16,665,010</b>
<b>Total Liabilities and Capital</b>	<b>\$ 15,923,218</b>	<b>\$ 16,709,564</b>

**Income Statement for  
Period Ended  
December 31, 2005**

<b>Income</b>	<b>2005</b>	<b>2004</b>
Interest on Loans	\$ 227,689	\$ 245,750
Income from Investments	323,223	202,911
Miscellaneous		
Operating Income	<u>141,222</u>	<u>176,782</u>
<b>Total Income</b>	<b>\$ 692,134</b>	<b>\$ 625,443</b>
 <b>Expenses</b>		
Education and Promotions	\$ 3,000	\$ 3,121
Provision for Loan Loss	6,000	6,000
Examination Fees	3,600	3,350
Member Insurance	541	541
Association Dues	3,120	3,120
Loan Servicing Expenses	2,735	2,135
Travel and Conferences	3,686	7,971
Office Operations	31,816	37,376
Professional Services	88,999	83,309
Salaries	159,985	155,514
Miscellaneous		
Operating Expenses	<u>0</u>	<u>1,347</u>
<b>Total Expenses</b>	<b>\$ 303,482</b>	<b>\$ 303,784</b>
<b>Net Earnings</b>	<b>\$ 388,652</b>	<b>\$ 321,659</b>

**Statement of Reserves  
and Undivided Earnings  
as of December 31, 2005**

Balance - Regular Reserves and Undivided Earnings 2004	\$ 2,189,526
Add: Net Earnings	388,652
Less: Dividends Paid in 2005	(138,037)
Balance as of December 31, 2005	<b>\$2,440,141</b>

**Financial and Operating Highlights**

	<b>2005</b>	<b>2004</b>
Assets	\$ 15,923,218	\$ 16,709,564
Shares	\$ 13,427,612	\$ 14,475,484
Loans (Outstanding)	\$ 4,570,253	\$ 4,469,352
Income	\$ 692,134	\$ 625,443
Expenses	\$ 303,482	\$ 303,784
Net Earnings (Before Dividends)	\$ 388,652	\$ 321,659
Members	5,492	5,418

# Fannie Mae Federal Credit Union

*2005 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 2005.

The credit union remained financially safe and sound in 2005 and again received the National Credit Union Administration's highest composite "CAMEL" rating of 1 for the twelfth consecutive year.

In 2005, we implemented risk-based lending to allow us to offer our members the best rate available based on their credit worthiness. Our newest service, the Electronic Bill Payment Service, continues to be extremely popular with our members. Currently, over 150 members use this easy and free service. In addition, 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.

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

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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 managed them within the approved 2005 budget. In fact, expenses were actually kept at the 2004 level. During 2005 your credit union also continued to build capital and reserves, increasing reserves and equity by 11.44 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 2005 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 2006.

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Helen Bunn  
*President*

## 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.

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Kevin Hickey  
*Chairman*

## Report of the Supervisory Committee

During 2005, 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 2006, we will continue to zealously protect members' interests.

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Timothy Hyde  
*Chairman*

## Officers and Credit Union Staff (as of December 31, 2005)

### Board of Directors and Officers

		<b>Term expiring</b>
<b>Chairman of the Board</b>	Robert Catalanotto	2007
<b>Director</b>	Loleta Abdullah	2006
<b>Director/Treasurer</b>	Helen Bunn	2006
<b>Director</b>	Kevin Hickey	2007
<b>Director</b>	Walter Hill	2006
<b>Director/Secretary</b>	Tim Hyde	2007
<b>Director</b>	Woodrow Jenkins	2007
<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

Robert B. Schmidt, Chairman	2006	
Ezzard Alves		2007
Bonita Jones		2007
Barbara Materre		2007
Wendy Wood		2006
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 Advisors

Paul Barretto