

## LOCATIONS

**Andrew McNamera Complex  
(DLA Headquarters) Branch Office**  
8725 John J. Kingman Road, Room 1401  
Fort Belvoir, VA 22060  
**Lobby Hours:**  
Mon. - Fri., 9:00 am - 4:00 pm

**Fort Belvoir Branch Office**  
5982 13th Street (Building 1195)  
Fort Belvoir, VA 22060  
**Lobby Hours:**  
Mon. - Thurs., 9:00 am - 5:00 pm  
Friday, 9:00 am - 6:00 pm  
Saturday, 9:00 am - 1:00 pm

**Fort Belvoir Commissary  
Branch Office**  
6020 Gorgas Road (Bldg. 2302)  
Fort Belvoir, VA 22060  
**Lobby Hours:**  
Mon. - Fri., 10:00 am - 5:00 pm  
Saturday, 9 am - 2 pm

**Mount Vernon Branch Office**  
7696 G Richmond Hwy  
Alexandria, VA 22306  
**Lobby Hours:**  
Mon. - Thurs., 9:00 am - 5:00 pm  
Friday, 9:00 am - 6:00 pm  
Saturday, 9:00 am - 1:00 pm

**Woodbridge Operations Center  
and Branch  
(and mailing address)**  
14040 Central Loop  
Woodbridge, VA 22193

**Lobby Hours:**  
Mon. - Thurs., 9:00 am - 5:00 pm  
Friday, 9:00 am - 6:00 pm  
Saturday, 9:00 am - 1:00 pm  
**Drive Thru Hours:**  
Mon. - Thurs., 9:00 am - 6:00 pm  
Friday, 9:00 am - 7:00 pm  
Saturday, 9:00 am - 1:00 pm

**Dolphin Branch Office - Open to  
Students and Teachers**  
Fort Belvoir Elementary School Cafeteria  
5970 Meeres Road  
Fort Belvoir, VA 22060

**Gar-Field Branch Office - Open to  
Students and Teachers**  
14000 Smoketown Road  
Woodbridge, VA 22192



**Fort Belvoir**  
FEDERAL CREDIT UNION  
*Financial Security with Five-Star Service*

14040 Central Loop  
Woodbridge, Virginia 22193

*Celebrating 60 Years of Financial Success...*



# 2005 ANNUAL REPORT

## BOARD of Directors (2004-2005)

Chairman Pamela Boyer  
1st Vice Chair Alfred Rudolph  
Secretary Bruce Edwards  
Treasurer Leslie Poole  
Member Richard Freeman  
Member Lee Gazzano  
Member Judith Searles-Miller  
Member Donald Swygert  
Member Curtis Willoughby  
Assoc. Member Candi Johnson  
Assoc. Member Ramon Morales  
Assoc. Member Bruce Sneed  
Director Emeritus Melvin Goss

### Supervisory Committee

Frank Marciniak, *Chairman*  
Carlos Castro  
Ramon Morales  
Judith Searles-Miller  
Charles (Chuck) White

### Loan Review Committee

Patricia Hodge, *Chairman*  
James Riordan  
Javier Sanyer

### President/CEO

Patricia Kimmel

### Management Team

Jacqueline Connor, *Vice President,  
Marketing and Business Development*  
Gaye DeCesare, *Vice President,  
Administration*  
Patricia Hodge, *Vice President, Operations*  
Frank Vassallo, *Chief Financial Officer*

## MESSAGE from CHAIRMAN & CEO

Fort Belvoir Federal Credit Union, your Credit Union, celebrates its 60th anniversary in July. In 1946, we were just a sparkle in the eyes of seven visionary employees of the Engineer Center who chartered FTBFCU as the Engineer Board Federal Credit Union. This milestone has been reached thanks to your continued patronage of your Credit Union and thanks to the dedication of those who volunteer and work toward our common goals. As a member, you own the Fort Belvoir Federal Credit Union and personally benefit from our strategic pricing, enhanced delivery systems and portfolio of benefits.

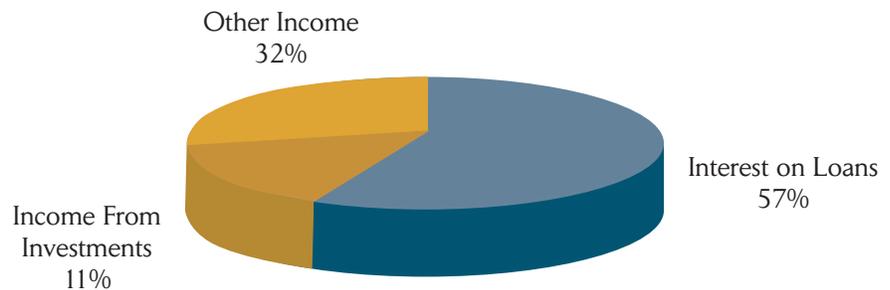
Our services expanded this year to provide products specific to those in financial need. We developed an advance pay loan, credit improvement loan, first time car buyer's loan and a VISA card for young borrowers. As of December 31, 2005 we extended 670 advance pay loans for a total of \$583,553. Along with these products we continue to provide the opportunity to receive free financial counseling.

The Prince William County Chamber of Commerce recognized FTBFCU in 2005 with the Large Business of the Year Award. This award is provided annually to businesses that provide strategic leadership and valued services to the small businesses, local government and to the Prince William County community.

You can look to our financial strength to see the continued benefit to your membership. Loans grew by 17%; our real estate portfolio accounted for 10%. FTBFCU offers you a wide variety of first and second mortgage opportunities, all designed to meet your specific financial targets. Our net worth growth exceeded our peer group by almost 15%. Our growth is balanced to provide FTBFCU and its members with future expansion capabilities.

Our members indicated their overwhelming satisfaction with FTBFCU during our 2005 survey with 96% satisfied or highly satisfied. You asked for a branch location outside of Fort Belvoir in the Fairfax County region. In response, we have opened the Mount Vernon Branch at 7696 G Richmond Highway, Alexandria, VA. This is a full-service branch open six days per week with a full-service ATM.

## Income Distribution 2005



As a community partner, we have continued our involvement with area schools. The Dolphin Branch at the Fort Belvoir Elementary School provides outstanding opportunities for hundreds of students to save and learn about financial fitness. In late 2005 we opened a high school branch at the Gar-Field High School in Woodbridge, Virginia. This branch, the Champions Branch, is a full service branch providing financial transactions to the 2,700 students and faculty. Our student employees acquire work experience by managing the transactions at this location. FTBFCU also partners with the Dale City Elementary School and the Woodbridge High School. We provide financial literacy education and monetary support for special initiatives to all of our partnership schools. Our youth involvement has prompted the development of many tailored services. We provide student VISA credit cards, a Planet M Certificate, free debit cards, free checking and free financial education and planning.

FTBFCU continues to provide financial support and volunteers for the Credit Union Cherry Blossom Race that benefits the Children's Miracle Network (credit unions raised over \$500,000 during 2005) and the Susan G. Komen Race for the Cure. We raised money for the Katrina Relief and for the survivors of the Tsunami in Asia. We are proud to have partnered with the Armed Forces Financial Network in 2005 with our \$3,000 contribution to the Fort Belvoir Army Family Team Building organization.

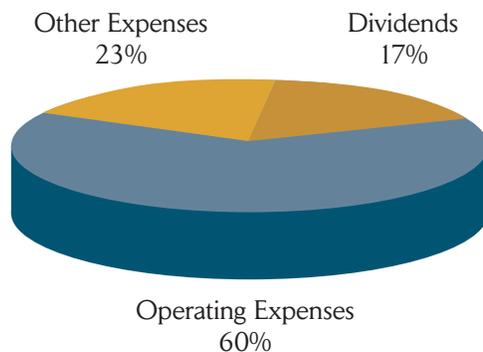
We have a most remarkable asset in our people and want to express our sincere appreciation to our employees. They are passionate, committed and determined, and are a source of pride and inspiration each and everyday. We have a culture of strong values that results in our continuing success. Our employees are focused, never losing sight of our goal to deliver service that results in the highest quality product and presentation.

FTBFCU is ready to compete and is confident regarding our prospects in the years ahead. We are financially strong with the ability to make strategic moves. We invite you to grow with FTBFCU and enjoy a lifetime of financial services.

**Pamela Boyer**, *Chair, Board of Directors*

**Patricia S. Kimmel**, *President/CEO*

## Expense Distribution 2005



## SUPERVISORY COMMITTEE

The Supervisory Committee is required to: (1) cause an annual audit to be made; (2) cause the verification of the accounts of all members at least once every two years; (3) meet on a regular basis, at least quarterly; (4) investigate members' complaints; (5) submit reports to the Board; and (6) prepare a letter, signed by the Chairman of the Supervisory Committee, describing the committee's activities and responsibilities, which letter should be included in the annual report to the membership.

The committee met throughout the year to review and investigate three matters brought to its attention relating to the operation of the Credit Union. The committee is not aware of any matter, including those that it has investigated, resolved, or still has under investigation that may or could be considered to affect the overall strong financial conditions of the Credit Union.

The committee met in March when we learned about the credit union's loan products, reviewed reports from the internal auditor; and adopted a proposed charter for the Supervisory Committee.

The committee met in November to review reports from the external auditor, the internal auditor, and the National Credit Union Administration (NCUA).

Schreiner, Legge & Company, the external auditor engaged by the committee, completed their opinion audit on the financial statements of the credit union as of June 30, 2005 and for the year then ended, and issued an unqualified opinion on those statements. A verification of members' accounts was done at this time as well. During this audit, the Credit Union's accounting and financial reporting systems were found to be in excellent condition. Audit tests determined

that internal control and quality control systems are functioning as designed. Management maintains adequate systems to identify, qualify and monitor financial performance and operational tasks.

Witt Mares, PLC, the internal auditor engaged by the committee, performed quarterly reviews of the Credit Union's risk based lending program and real estate loan compliance program, an annual review of the Credit Union's compliance and internal controls over the Bank Secrecy Act and Office of Foreign Asset Control Programs, an Information Technology (IT) Risk Assessment on the internal data networks and an intrusion test, and overall review of the branch facility controls. The reviews noted no major concerns with any areas that were audited.

The National Credit Union Administration (NCUA) performed an on-site examination covering the period from April 1, 2004 – June 30, 2005. The examiners found that the Fort Belvoir Federal Credit Union is financially sound and well managed.

**Frank Marciniak**  
Chairman/Secretary  
Supervisory Committee

## LOAN REVIEW COMMITTEE

I am pleased to report that strong demand continued throughout 2005 for the Credit Union's loan products enabling it to exceed its targeted loan growth for the year. Loans grew by a very substantial 17% for the year. At the end of the year, the Credit Union's total loan portfolio stood at \$148,784,550.

The composition of the Credit Union's loan portfolio continues undergoing changes in both the secured and unsecured portions of the portfolio. The changes reflect the Credit Union's ongoing commitment to meet the changing lending needs of our members.

The backbone of the Credit Union's loan portfolio continues to be real estate-backed loans. Real estate-backed loans rose to about 51% of the loan portfolio and grew \$13.6 million during 2005 to a total of more than \$75.8 million. The percentage of automobile, boat, motor cycle, and recreational vehicle loans have declined slightly and now constitute just over 29% of the loan portfolio for \$43.3 million. All totaled, the secured portion of the portfolio, including share and certificate secured loans, stands just above 80.8%. In the area of unsecured lending, personal loans increased slightly to \$19.2 million or 12.9% of the portfolio. Credit cards account for the next largest portion of the unsecured lending at just under \$9.2 million.

As in the previous year, the Credit Union continues to enjoy a very low delinquency rate. At the end of 2005, that rate was 0.56% and was a reflection of the portfolio's soundness and quality of its lending.

During the year, NCUA examiners and auditors from the Certified Public Accounting firm of Witt-Mares scrutinized the loan portfolio. Neither organization had any findings or exceptions to report regarding our loans, their quality, or our lending practices.

To keep pace with the lending needs of our members, we introduced four new and exciting loan products throughout the year: a lifestyle loan which enables our top-tier borrowers to borrow up to \$35,000 to enhance their lifestyle; a credit improvement loan for members who need to improve or rebuild their credit history; a first time car buyer's program for members just entering the job market who need an auto loan with member-friendly rates and terms; and a VISA Platinum Rewards program with credit lines up to \$50,000. To reinvigorate our automobile lending, the Credit Union is participating with the Credit Union Auto Loan Network and its new lending partner, Aimbridge, to offer immediate Credit Union financing at participating dealerships in the Baltimore-Washington Metro area. That program exceeded targets and expectations by producing 36 automobile loans totaling more than \$669,000 in less than eight months.

As always, we owe a special thanks to all of our members who gave us their confidence by borrowing through our Credit Union. Our growth would not have been possible without their trust, and we pledge to continue meeting our members' lending needs.

**Patricia Hodge**  
*Chairman*

# STATEMENT of Financial Condition

Years Ended December 31

	2005	2004
<b>ASSETS</b>		
Loans to Members	\$ 148,784,550	\$ 127,093,859
(Less Allowance for Loan Losses)	(634,115)	(564,600)
<b>Net Loans Outstanding</b>	<b>\$ 148,150,435</b>	<b>\$ 126,529,259</b>
Cash and Investments	55,522,895	63,882,985
Fixed Assets	4,941,529	5,149,972
All Other Assets	2,908,981	2,143,814
<b>TOTAL ASSETS</b>	<b>\$ 211,523,839</b>	<b>\$ 197,706,031</b>

## LIABILITIES, MEMBERS' SHARES AND EQUITY

### Liabilities

Accrued Dividends Payable	\$ 249	\$ 545
Accounts Payable and Other Liabilities	2,176,436	2,178,023
<b>Total Liabilities</b>	<b>\$ 2,176,685</b>	<b>\$ 2,178,568</b>

### Members' Shares

Regular Share Accounts	\$ 59,351,113	\$ 57,131,756
Share Certificate Accounts	45,300,158	41,474,226
Share Draft Accounts	34,086,272	31,155,556
Individual Retirement Accounts	4,230,386	3,870,800
Money Market Accounts	47,484,582	46,577,446
<b>Total Member Shares</b>	<b>\$ 190,452,511</b>	<b>\$ 180,209,784</b>

### Equity

Regular (Statutory) Reserves	\$ 2,105,772	\$ 2,105,772
Undivided Earnings	17,417,191	13,737,323
Other Reserves	18,448	18,448
Unrealized Gain/Loss	(646,766)	(543,866)
<b>Total Equity</b>	<b>\$ 18,894,645</b>	<b>\$ 15,317,677</b>

### TOTAL LIABILITIES, MEMBERS'

<b>SHARES AND EQUITY</b>	<b>\$ 211,523,840</b>	<b>\$ 197,706,030</b>
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## TREASURER'S REPORT

During 2005, Fort Belvoir Federal Credit Union continued its growth while maintaining a strong financial position in all measurable areas. The credit union ended the year with \$211,523,840 in total assets. This is an increase of 6.99% from 2004. Loans and Deposits also grew during the year at rates of 17.07% and 5.68% respectively. Net income was very strong at 1.80% of assets. This helped the credit union increase its capital position of 9.24% of assets.

The Fort Belvoir Federal Credit Union is committed to maximizing returns to membership in the form of lower loan rates and higher dividend rates. Continued financial strength will also enable the credit union to offer a broader array of services, especially those traditionally offered by brokerage and insurance institutions. Fort Belvoir FCU is well positioned to continue serving the financial needs of its member owners into the foreseeable future.

**Leslie Poole,**  
Treasurer

