

SERVING YOU AND YOUR FUTURE



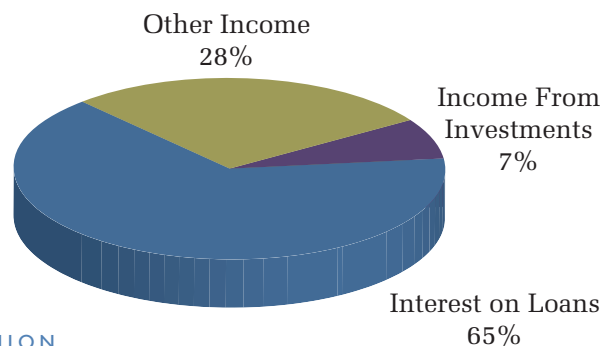
Membership in the Fort Belvoir Federal Credit Union provides you with the *value of ownership* in a true cooperative structure. It is designed to serve you, as an individual, and your family for a lifetime. You are not just ‘renting’ this portfolio of financial services; you have invested in the future, saving so that others in the cooperative have the ability to borrow funds to enhance their financial fitness.

Your ownership stake allows the Credit Union to continue providing financial education programs to the Fort Belvoir community and the Prince William County partner schools. The curriculum includes budgeting, home ownership, identity theft, saving for college, checking 101 and more. We received recognition from the Virginia State Credit Union League when our Business Development Officer, Ms. Bonnie Andresakes, was awarded with the Virginia Credit Union League’s Credit Union Youth Advocate of the Year for 2006. Teaching young adults the value of Credit Union membership, and participation as an owner and partner in helping others build on their financial future, is a role that we are proud to accept. In late 2006 we were called on once again by the Prince William County Schools to open a second high school student-run branch, this time at the Woodbridge High School. Now both Gar-Field High School and Woodbridge High School students manage their school branches and work part-time in the Credit Union offices learning life skills as they prepare for their future work/school activities.

The value of your ownership grew during 2006 with ‘rewards’; we established a VISA® checkcard ‘rewards’ program. You receive points from purchases using your signature based transactions and the ‘reward’ points make you eligible for travel and gift redemptions. Members today are doing more with their VISA checkcard and electronic transactions and we wanted to recognize this important change in activity. Our new VISA Platinum Card also provides ‘rewards’ for purchases. You may even combine the ‘reward’ points from the VISA checkcard and VISA Platinum Cards to earn a higher level of redemption opportunities.

To provide additional member convenience during 2006 we began offering a new electronic deposit program to members. This program, Deposit Now, provides members with the opportunity to deposit checks, on-line, and receive immediate credit without coming into the Credit Union office. We also improved our bill payment program and provided expanded capabilities, notices and education with our email alerts. Your time is valuable and we want you to make the most of your Credit Union ownership.

Income Distribution 2006



And how can we put a price on the protection of your financial data? Your Credit Union has invested heavily in improvements to our network security, continuity of operations preparedness, staff education, member education and collaboration with our sister financial institutions. This year we joined forces with several Credit Unions to create a disaster recovery center that will enable us to protect your ownership, serve your account and protect your financial data in the event of a regional disaster through continuity of operations. We continue to provide you with service capabilities at over 700 shared branch locations nationwide and access to over 32,000 surcharge-free ATMs of the Allpoint network. Almost half of our members are now enrolled in the estatement program; what better way to protect your data than to keep it out of the mail. We also built an instant issue program for our VISA® checkcard that allows faster activation for your account services.

We brought value to your ownership during 2006 with the Member Appreciation Days, providing loan specials for spring, summer, fall and winter;

offering Health Savings Accounts for individuals to save and pay for health care expenses with pre-tax dollars; and through maintaining competitive rates on our share certificates and money market accounts.

Our goal is to provide you with five-star service by honoring our core values of:

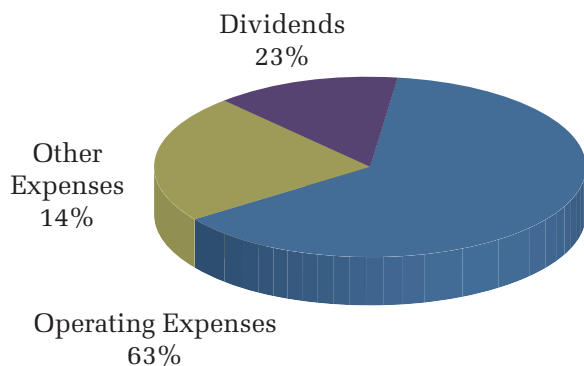
- ✓ **integrity** (being honest, trustworthy and taking ownership)
- ✓ **trust** (maintaining confidentiality and open communication)
- ✓ **commitment** (taking initiative and working as a team)
- ✓ **respect** (appreciating differences and celebrating diversity)

Thank you for being a member-owner of Fort Belvoir Federal Credit Union and allowing us to serve you and your family for a lifetime.

Pamela Boyer, *Chair, Board of Directors*

Patricia S. Kimmel, *President/CEO*

Expense Distribution 2006



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, 2006 and for the year then ended, and issued an unqualified opinion of those statements. A verification of member 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, quantify and monitor financial performances and operational risks.

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 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 intrusion test; an audit and review of the branches, and a review of controls over human resources and payroll administration. The reviews noted no major concerns with any areas that were audited.

The National Credit Union Administration (NCUA) performed a risk-focused examination using the credit union's December 31, 2005 financial data and other data provided by the credit union. The examiners found that Fort Belvoir Federal Credit Union remains financially sound and well managed.

Franck Marciniak
Chairman

By all measures, 2006 was an exceptional year for loan growth. Demand significantly outpaced the previous three years. Fort Belvoir Credit Union's investment in its members grew by more than \$38.3 million over the previous year. By year's end the loan portfolio grew by 25.79% and stood at \$187.2 million.

Changes in the composition of the loan portfolio reflected market conditions. The largest area of change was in our home equity products where members switched from the equity lines of credit to the fixed rate second mortgages. Automobile lending received a strong boost from our participation in the Credit Union Auto Loan Network.

Real estate loans continue to be a mainstay of our lending. Real estate comprises nearly half of the portfolio amounting to more than \$92.3 million. After declining for a number of years, the percentage of automobile, boat, motorcycle, and recreational vehicle loans show a solid gain from last year and now account for 31.49% of the portfolio for \$58.2 million. Overall, 80.8% of the credit union's loan portfolio is backed by tangible collateral.

The credit union continues to refine and enhance its loan products to keep pace with our member's needs while being nimble enough to respond to fast-changing, market conditions. Examinations by NCUA examiners and external audit firms conducted reviews of our loan portfolios during the year and reported no exceptions.

We believe our loan growth reflects our members' confidence in Fort Belvoir Federal Credit Union as a partner willing to meet your borrowing needs. We appreciate that confidence in us and will continue to strive to meet your expectations while maintaining safety and soundness in lending as our beacons for lending success.

Patricia Hodge,
Chairman

STATEMENT OF FINANCIAL CONDITION AND TREASURER'S REPORT

Years Ended December 31

	2006	2005
ASSETS		
Loans to Members	\$ 187,162,590	\$ 148,784,550
(Less Allowance for Loan Losses)	\$ (912,867)	\$ (634,115)
Net Loans Outstanding	\$ 186,249,723	\$ 148,150,435
Cash and Investments	33,612,235	55,522,895
Fixed Assets	5,605,301	4,941,529
All Other Assets	3,064,285	2,908,981
TOTAL ASSETS	\$ 228,531,545	\$ 211,523,840

LIABILITIES, MEMBERS' SHARES AND EQUITY

Liabilities

Accrued Dividends Payable	\$ 326	\$ 249
Accounts Payable and Other Liabilities	\$ 2,463,901	\$ 2,176,436
Total Liabilities	\$ 2,464,227	\$ 2,176,685

Members' Shares

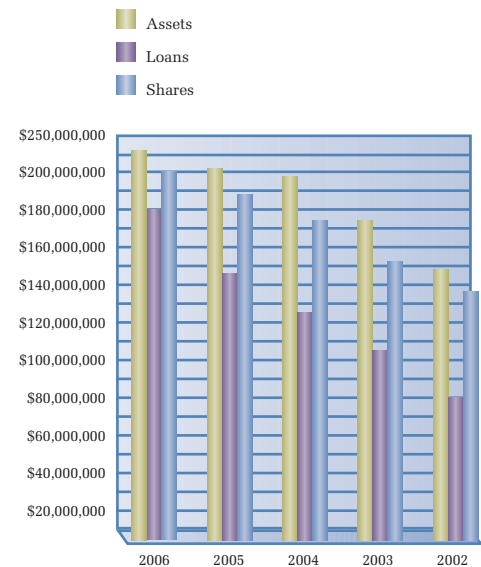
Regular Share Accounts	\$ 50,498,214	\$ 59,351,113
Share Certificate Amounts	64,896,347	45,300,158
Share Draft Accounts	32,848,310	34,086,272
Individual Retirement Accounts	4,130,446	4,230,386
Money Market Accounts	51,744,210	47,484,582
Total Member Shares	\$ 204,117,527	\$ 190,452,510

Equity

Regular (Statutory) Reserves	\$ 2,105,772	\$ 2,105,772
Undivided Earnings	\$ 20,030,813	\$ 17,417,191
Other Reserves	\$ 18,448	\$ 18,448
Unrealized Gain/Loss	\$ (205,242)	\$ (646,766)
Total Equity	\$ 21,949,791	\$ 18,894,645

TOTAL LIABILITIES, MEMBERS'

SHARES AND EQUITY	\$ 228,531,545	\$ 211,523,840
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During 2006, 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 \$228,531,545 in total assets. This is an increase of 8.04% from 2005. Loans and Deposits also grew during the year at rates of 25.79% and 7.18% respectively. Net income was very strong at 1.19% of assets. This helped the credit union increase its capital position of 9.69% of assets.

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 Federal Credit Union is well positioned to continue serving the financial needs of its member owners into the foreseeable future.

Leslie Poole, Treasurer

BOARD OF DIRECTORS

(2006-2007)

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	Bruce Sneed
Director Emeritus	Melvin Goss

Supervisory Committee

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

Loan Review Committee

Patricia Hodge, *Chairman*
James Riordan
Javier Sanyer

Management Team

Patricia Kimmel, President/CEO
Patricia Hodge, Vice President, Operations
Jacqueline Connor, Vice President of
Marketing and Business Development
Gaye DeCesare, Vice President
Administration

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

STUDENT-RUN BRANCHES

(OPEN TO STUDENTS AND TEACHERS)

The Dolphin Branch
Fort Belvoir Elementary School

The Seminole Pride Branch
Woodbridge Middle School

The Money Makers Branch
Mills E. Godwin Middle School

The Champions Branch
Gar-Field Senior High School

The Viking Vault
Woodbridge Senior High School



Fort Belvoir
FEDERAL CREDIT UNION
Financial Freedom with Fort Belvoir Service

**14040 Central Loop
Woodbridge, Virginia 22193**