

For everyday people. For life.

Belvoir Federal Credit Union 2007 Annual Report

The logo features a stylized shield icon to the left of the word "Belvoir" in a serif font. Below "Belvoir" is the text "Federal Credit Union" in a smaller, sans-serif font.

Belvoir
Federal Credit Union

Board of Directors

Chairman Pamela Boyer

1st Vice Chair Alfred Rudolph

Secretary Bruce Edwards

Treasurer Leslie Poole

Member Lee Gazzano

Member Candi Johnson

Member Judith Searles-Miller

Member Bruce Sneed

Associate Member Charles White

Director Emeritus Richard Freeman

Director Emeritus Melvin Goss

Supervisory Committee

Frank Marciniak, Chair

Carlos Castro

Judith Searles-Miller

Charles White

Loan Review Committee

Patricia Hodge, Chair

James Riordan

Javier Sanyer

Judy MacDonald, Alternate

Management Team

Patricia Kimmel, President/CEO

Michael Ligon, CFO

Patricia Hodge, Vice President, Operations

Jacqueline Connor, Vice President, Marketing and Business Development

Gaye DeCesare, Vice President, Administration



While we evolve as a credit union

and we reach out to the people we want to serve,

we realize it's more important than ever

to embrace serving the individual,

to educate people that member-owned really means "for people"

and to continue to find unexpectedly bright ways

of bringing the best to everyday people.

For every member.

A MESSAGE FROM THE CHAIR AND CEO

In our 2007 planning session your Board of Directors and Management Team renewed their commitment to the membership. We adopted a new mission statement that demonstrates a team approach to excellence. We also changed our name to reflect the growing community and to be more inclusive while maintaining ties to our rich heritage. Our mission continues to provide the foundation for the financial success of all our members. You may ask what foundation and how can I be financially successful? Everyone knows that a house built on unstable ground will not withstand the test of time. The foundation will collapse and along with it the fruits of our labor to develop an infrastructure for financial fitness.

Belvoir Federal Credit Union offers products and services to our members at low or no cost. Reward and rebate programs are available, free for the taking. Members are encouraged to build their financial foundation with an organization that will provide free checking, free home banking, free billpay, free CheckCard usage, free financial planning, free edeposit services, free statements, free travelers cheques, free check cashing, 24/7 availability and convenience. Build your financial foundation with an organization where employees are empowered to negotiate rates for your benefit and are passionate about service just for you. Ensure that your financial organization is partnering with complimentary businesses to protect your financial foundation into the future. Belvoir Federal Credit Union offers the Auto Loan Network indirect lending service where members may purchase vehicles at any of 250 participating dealerships within the Washington Metropolitan area and finance the loan through their Credit Union. We continue to support the Credit Union Service Centers shared branching program where members may visit specific locations to conduct teller transactions on their Belvoir Federal Credit Union accounts at over 3,100 locations nationwide. Our Investment and Insurance Financial Services partner facilitates the development of member asset portfolios through planning, insurance and investment alternatives.

You will achieve financial success by building savings for your family and planning for education and retirement spending. Our Young Savers share certificates offer high dividend earnings. Our savings, money market and share certificate programs provide opportunities for investment diversification. Members just starting out may deposit small amounts into the Small Savers Share Certificate program. You will be delighted with our suite of services for youth that includes checking, credit cards, financial education and college planning. Financial success in many cases starts with understanding budgeting, credit, mortgages, home ownership and account management. Once again, Belvoir Federal Credit Union provides all of this guidance for free, both at in-person seminars and online.

Belvoir Federal Credit Union is serving those in uniform, their family members, civilian DoD employees, their families, contractors, teachers, students and surrounding communities. We are here for you everyday, for your life, for every moment. We will meet your financial needs every step of the way so that you may build a successful financial foundation for yourself, for your family, for a lifetime. Thank you for your patronage of Belvoir Federal Credit Union and please feel free to contact the President/CEO or Chair at anytime.

Pamela Boyer

Chair, Belvoir Federal Credit Union
Chair@belvoirfcu.org

Patricia S. Kimmel

President/CEO, Belvoir Federal Credit Union
pkimmel@belvoirfcu.org

For every interest.

SUPERVISORY COMMITTEE REPORT

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, 2007 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 IT Risk Assessment and Intrusion test; and an audit and review of the branches. 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 June 30, 2007 financial data and other data provided by the credit union. The examiners found that Belvoir Federal Credit Union remains financially sound and well managed.

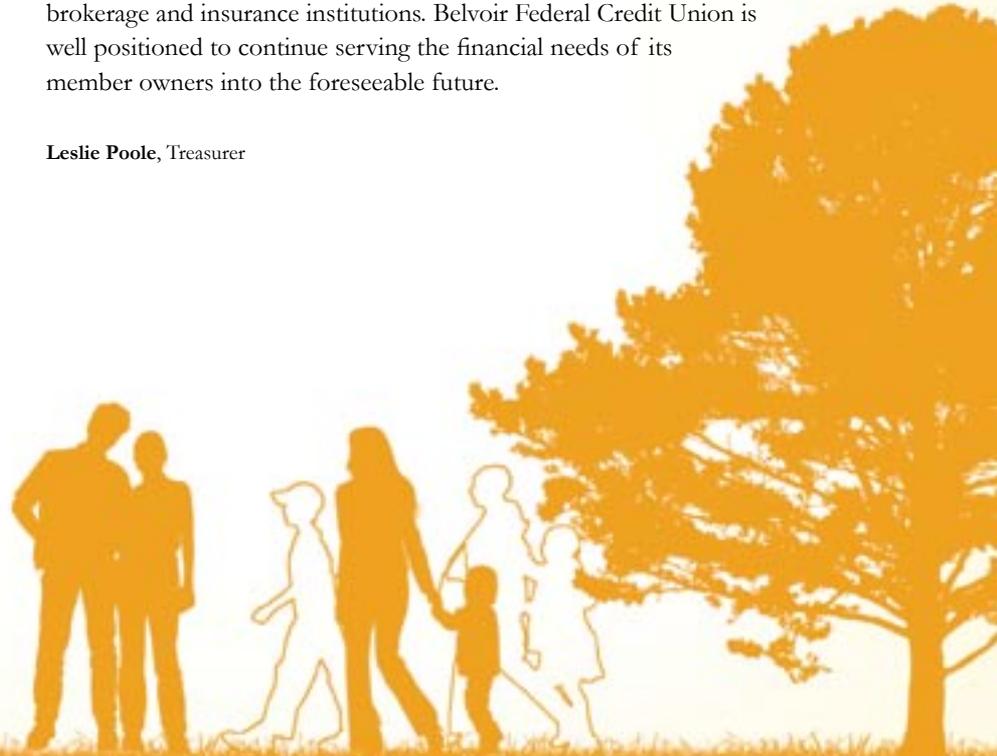
Franck Marciniak, Chairman

For every goal.

TREASURER'S REPORT

During 2007, Belvoir Federal Credit Union continued its growth while maintaining its financial position in all measurable areas. The credit union ended the year with \$238,238,777 in total assets. This is an increase of 4.25% from 2006. Loans and Deposits also grew during the year at rates of 1.53% and 4.02% respectively. Net income was 0.39% of assets. This helped the credit union maintain its capital position of 9.68% of assets. 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. Belvoir Federal Credit Union is well positioned to continue serving the financial needs of its member owners into the foreseeable future.

Leslie Poole, Treasurer



For every turn.

LOAN REVIEW COMMITTEE REPORT

At the end of 2007, the Credit Union's total loan portfolio stood at \$190,019,969. This is an increase of \$2,857,379 over the previous year which is a growth rate of 1.53%.

Based on changes in the economy, we experienced movement of our members from variable rate home equity line of credit loans to fixed-rate home equity loans. We ended 2007 with 9.90% of our portfolio in home equity lines of credit, a drop from 12.59% in 2006. Fixed-rate home equity loans accounted for 13.37% of our portfolio, up from 12.58% in 2006.

All real estate loans (mortgages and home equity/second mortgages) continued to strengthen our lending portfolio. These loans increased from 49.32% in 2006 to 50.32% in 2007. In dollars, the total amount of real estate loans was \$95.6 million at the end of 2007. That was a \$3.3 million dollar increase from the previous year.

Collateralized loans continue to make up the majority of the Credit Union's portfolio at 79.83%. While the amount of loans secured by homes increased, only 29.51% of the portfolio was in vehicle loans at the end of 2007, down from 31.49% in 2006.

Belvoir Federal Credit Union continues to develop and provide lending products that meet the need of our members, for every turn. NCUA examiners and external audit firms conducted reviews of our loan portfolio during the year and reported no exceptions.

We appreciate the confidence of the members who borrow from the Credit Union. We could not have seen positive growth this year without their support. We pledge to continue to work to meet our members lending needs while maintaining the safety and soundness of our portfolio.

Patricia Hodge, Chair



For every effort.

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

ASSETS	2007	2006
Loans to Members	\$190,019,969	\$187,162,590
(Less Allowance for Loan Losses)	(1,421,392)	(912,867)
Net Loans Outstanding	188,598,577	186,249,723
Cash and Investments	40,902,312	33,612,235
Fixed Assets	3,753,514	3,868,476
All Other Assets	4,984,374	4,801,110
Total Assets	\$238,238,777	\$228,531,545

LIABILITES, MEMBER SHARES AND EQUITY

LIABILITIES	2007	2006
Accrued Dividends Payable	\$178	\$326
Accounts Payable and Other Liabilities	2,606,991	2,463,901
Total Liabilities	2,607,169	2,464,227

MEMBER SHARES

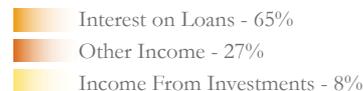
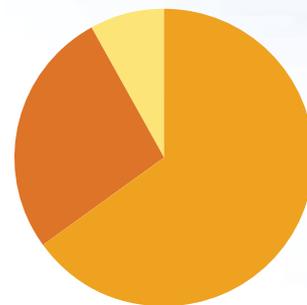
Regular Share Accounts	\$41,460,057	\$50,498,214
Share Certificate Amounts	78,575,181	64,896,347
Share Checking	30,858,714	32,848,310
Individual Retirement Accounts	3,522,405	4,130,446
Money Market Accounts	57,907,787	51,744,210
Total Member Shares	\$212,324,144	\$204,117,527

EQUITY

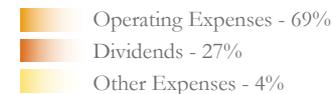
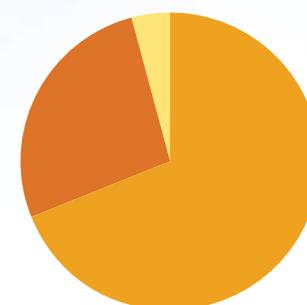
Regular (Statutory) Reserves	\$2,105,772	\$2,105,772
Undivided Earnings	20,934,505	20,030,813
Other Reserves	18,448	18,448
Unrealized Gain/Loss	248,739	(205,242)
Total Equity	\$23,307,464	\$21,949,791

TOTAL LIABILITES, MEMBER SHARES AND EQUITY	\$238,238,777	\$228,531,545
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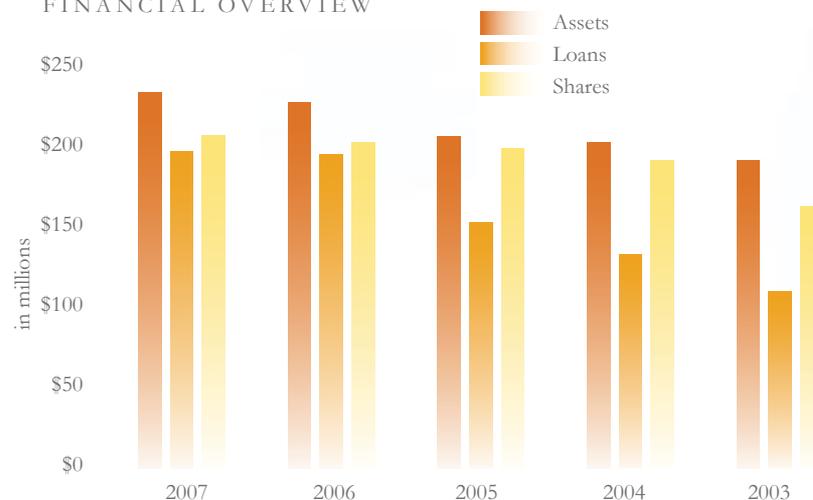
INCOME DISTRIBUTION



EXPENSE DISTRIBUTION



FINANCIAL OVERVIEW



Our Mission

Providing the foundation for the financial success of our Members.

Our Values

TRUST

We show Trust by:

- Empowering our employees
- Being open to new ideas
- Maintaining confidentiality
- Sharing energy and creativity
- Maintaining open lines of communication

RESPECT

We show Respect by:

- Treating others as we like to be treated
- Appreciating differences and celebrating diversity
- Demonstrating kindness and thoughtfulness
- Listening attentively and striving to understand
- Creating a sense of community

Our Vision

Surpassing the individual needs and expectations of our global community.

INTEGRITY

We show Integrity by:

- Being honest and trustworthy
- Following through on promises
- Taking ownership of good and bad
- Accepting responsibility for actions taken
- Always doing the right thing

COMMITMENT

We show Commitment by:

- Exhausting all possibilities in an effort to achieve service excellence
- Taking initiative
- Carrying on under difficult circumstances
- Making training a priority
- Working as a team to achieve common goals

