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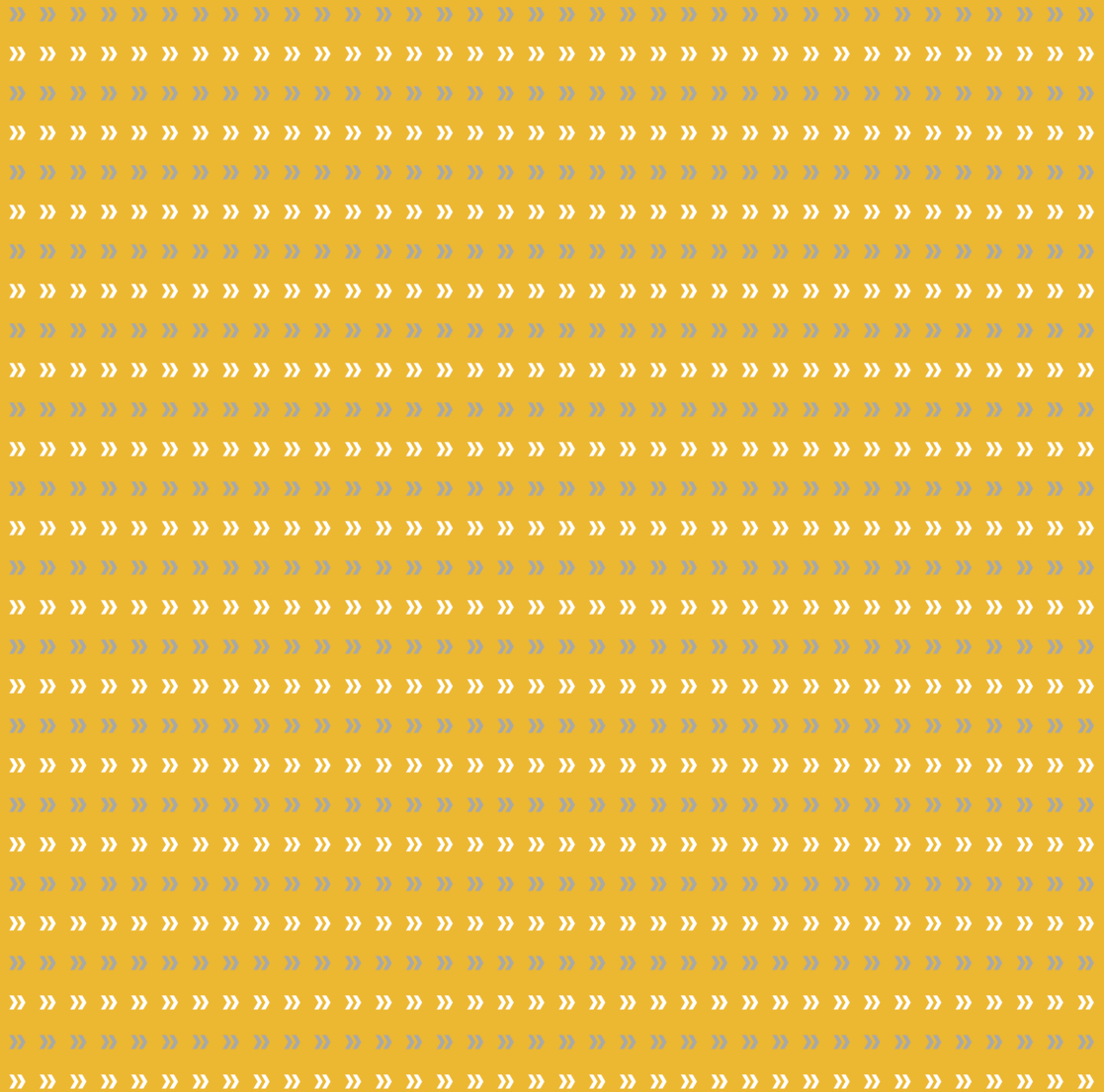
BANK-FUND STAFF
FEDERAL CREDIT UNION

ANNUAL REPORT

2006



Financial Highlights



(In Thousands, US\$) 2006 2005 % CHANGE

STATEMENTS OF INCOME (FOR THE YEAR)

Income	\$110,758	\$89,471	23.8
Dividends	52,017	33,353	56.0
Expenses	37,469	31,971	17.2
Net Income	21,272	24,147	(11.9)
Net Income before Net Loss			
from Trading Account Securities	21,382	25,206	(15.2)

STATEMENTS OF FINANCIAL CONDITION (AT YEAR-END)

Cash and Investments	\$560,845	\$516,579	8.6
Loans (Net of Allowance for Loan Losses)	1,571,856	1,509,477	4.1
Deposits	1,810,065	1,727,870	4.8
Reserve and Undivided Earnings	330,313	312,008	5.9
Total Assets	2,168,624	2,057,779	5.4

RATIOS

Reserve and Undivided Earnings to Deposits	18.2%	18.1%	0.6
Reserve and Undivided Earnings to Total Assets	15.2%	15.2%	0.0

OTHER

Mortgage Servicing Portfolio	\$554,210	\$570,824	(2.9)
Members	55,448	53,841	3.0
Employees	274	237	15.6

TABLE OF CONTENTS

.....	
PRESIDENT'S AND MANAGING DIRECTOR'S REPORT	7
.....	
BOARD OF DIRECTORS	18
.....	
2006 FINANCIAL REPORTS	19
.....	
FINANCIAL SERVICES	29
.....	



The 60th Annual Meeting

of Bank-Fund Staff Federal Credit Union is scheduled for **Thursday, April 5th, 2007, at 3:00 p.m.**, in The World Bank's J-Building Auditorium (1-050), 701 18th Street, N.W., Washington, DC.

Copies of the minutes of BFSFCU's 59th Annual Meeting will be available at the 2007 Meeting. Copies may also be obtained by request, from the Credit Union's main office at 1818 H Street, NW (MC C2-300), Washington, DC 20433; our branch offices at IMF HQ2, 1900 Pennsylvania Avenue, NW, and IFC, 2121 Pennsylvania Avenue, NW, Washington, DC 20433; and our Lending Services lobby at 1750 H Street, NW, 2nd Floor, Washington, DC 20006.



GEAR UP FOR A LITTLE MORE

FREEDOM.







From left to right:

GEORGE W. WEST

President

STEPHEN D. BREED

Managing Director and
Chief Executive Officer

PRESIDENT'S AND MANAGING DIRECTOR'S REPORT

2006 WAS A YEAR that balanced continuity and transition at Bank-Fund Staff Federal Credit Union. Under new management, we set a broad vision for future development, while being careful to preserve the strong financial underpinnings that have been the hallmark of our past success. This past year we once again saw excellent financial results, thanks to the ongoing support of our members. These financial results allowed us to distribute our largest supplemental dividend—\$12,500,000—posted on January 30, 2007.

As we strive to become the preferred financial institution for all our members, we continually seek to enhance the BFSFCU Value Proposition through new products and services. Of equal importance as we move forward is defining and improving the BFSFCU Member Experience—whether our members are accessing us through our website, over the telephone, by email, in person, or through any of several other means, our goal is to provide an exceptional service experience.

In 2006, we launched new deposit products, expanded our ATM surcharge rebate program, added a new ATM machine in our Lending Services department and more.



As a member-owned cooperative, our long-term success will be in no small part determined by a combination of this Value Proposition and Member Experience. Our 2006 initiatives reflect this understanding, as well as a desire to fulfill the role of *trusted financial partner* to our members.

2006 INITIATIVES

In 2006, we launched several new deposit products, including the RateKeeper Share Certificate and the Money Management Checking Account. We also lowered the minimum deposit amount on Share Certificates to make the products accessible to more of our members. We expanded our ATM surcharge rebate program to provide greater convenience and added a new ATM machine in our Lending Services Center located at 1750 H Street, NW. Our new branch in IMF Headquarters 2 continued to service a growing number of members, giving our IMF members easier access to our products and services. We renegotiated our agreement to provide broad-based foreign exchange services to our members, resulting in lower fees for several important services. We also laid the foundation for launching our new Youth Package of Products



EXPLORING NEW DIRECTIONS



ROADS LEADING EVERYWHERE





In the first two years of the partnership, over \$541,000 was returned as rebates to those who bought or sold a home through the CU Realty Program.

and Services, with the goal of providing our younger members with the tools and information they need to reach their own unique financial goals.

In Lending Services, we continued to offer highly competitive loan rates and convenient access to the relevant information our members need to make an informed borrowing decision. In January, we extended our lending telephone hours from 7 a.m. to 7 p.m., offering additional convenience. Our partnership with CU Realty Services continued to provide great value to our members. In the first two years of the partnership, over \$541,000 was returned as rebates to those who bought or sold a home through the CU Realty program. Mortgage applications submitted online continued to increase, as more members took advantage of our convenient web-based mortgage center. We also worked to raise member awareness about the availability of nationwide mortgage lending through our partnership with Lincoln Service Mortgage. Seeking ways to add value to our Travel

PARTNERS

Rewards program, we completed the steps necessary to greatly expand the scope of awards far beyond mere travel-related rewards. Accordingly, this new program (recast as “Member Rewards”) now offers both travel and non-travel rewards, via a new website launched in early 2007. The BFSFCU Member Rewards program will be one of the best programs of its kind available in the credit card marketplace.

In e-Services, we focused on improving our members’ online experience as well as on strengthening our commitment to providing our members with state-of-the-art online security. These efforts culminated in the launch of a new online banking platform in November 2006, featuring a new look and feel, as well as improved functionality including the ability to send e-Wires and communicate with the Credit Union using our new Secure Message Center. It also featured enhanced log-in security to further protect members’ personal financial information.

Also in e-Services, our new website was launched in December 2006 to give members more convenience and greater accessibility to information about the benefits of being a member of BFSFCU as well as access to financial education resources for both our youth and adult members. This new website is a fundamental building block toward attaining our goal of providing our members with an exceptional online experience.

Committed to increasing our role as trusted financial partner, we expanded our free

ON A NEW COURSE



seminar series to offer members access to financial education resources. Seminar topics in 2006 included Home Buying, Home Selling, Fraud Awareness, Car Buying, and Estate and Wealth Planning. Seeking a greater role in our sponsor community, we participated in several community events including the World Bank Family Network Annual Exhibits and Event Week and the IMF Symposium. Our financial contributions during 2006 supported the World Bank Family Network, the Bank/Fund Choral Society, the Margaret McNamara Society and the Community Connections campaign. We also sponsored a scholarship through the Margaret McNamara Memorial Fund’s annual scholarship program for women from developing countries pursuing advanced degrees in the United States. Finally, we sponsored and participated for the 5th consecutive year in the spring Credit Union Cherry Blossom 10-Mile Run to support the Children’s Miracle Network.

LOOKING AHEAD TO 2007

The Credit Union has always understood that our members and their financial needs are unique. As we approach our 60th anniversary in 2007 and look to the future, we strive to continually improve our financial products and services to help our members reach their financial goals. We understand that keeping the member experience aligned

We expanded our free financial education seminar series for members on topics including Home Buying and Selling, Fraud Awareness, Car Buying and more.



with member expectations requires constant attention and regular reevaluation. As part of our efforts to improve the Member Experience, we will be completely refurbishing our branch in the World Bank's Main Complex allowing our members to take care of personal financial business in comfortable and secure surroundings. In addition, we will be leasing office space near the IMF and World Bank buildings to accommodate much of our internal operations. We will persist with efforts to provide better overall

We focused on improving our members' online experience while providing them with state-of-the-art online security.

As we approach our 60th anniversary, we strive to continually improve our financial products and services to help our members reach their financial goals.

LIVE YOUR LIFE TO THE FULLEST



service through the ongoing utilization of relationship management software and the implementation of a new telephone system that will help us to better manage our member communication and correspondence.

In 2007, we will launch new products and services and refresh existing ones to add more value for all our members, both staff and families alike, while maintaining our commitment to sound financial management and corporate efficiency. Ultimately, we seek to provide our members with the particular services they need, whenever and wherever they want them, in a secure, cost-effective, and appealing environment. As part of our dedication to providing you with exceptional service anytime and anywhere, we will continue to invest in the technology and infrastructure necessary to attain this goal. We will regularly survey members to ensure that we are providing the best in value, convenience and service to meet your

needs. Our reliance on member feedback underscores our awareness that continued success depends on earning and retaining member loyalty. We remain faithful to the fundamental goal of the credit union movement, promoting financial education and helping to instill wise money management skills in our members of all ages to assist them in achieving a prosperous quality of life.

For the member support and loyalty that has brought us success, we thank you. We also thank the Staff and Management who work each day to earn your confidence and support. We are likewise grateful to the volunteers who make our success possible—our dedicated Board of Directors and the members of its Standing Committees.

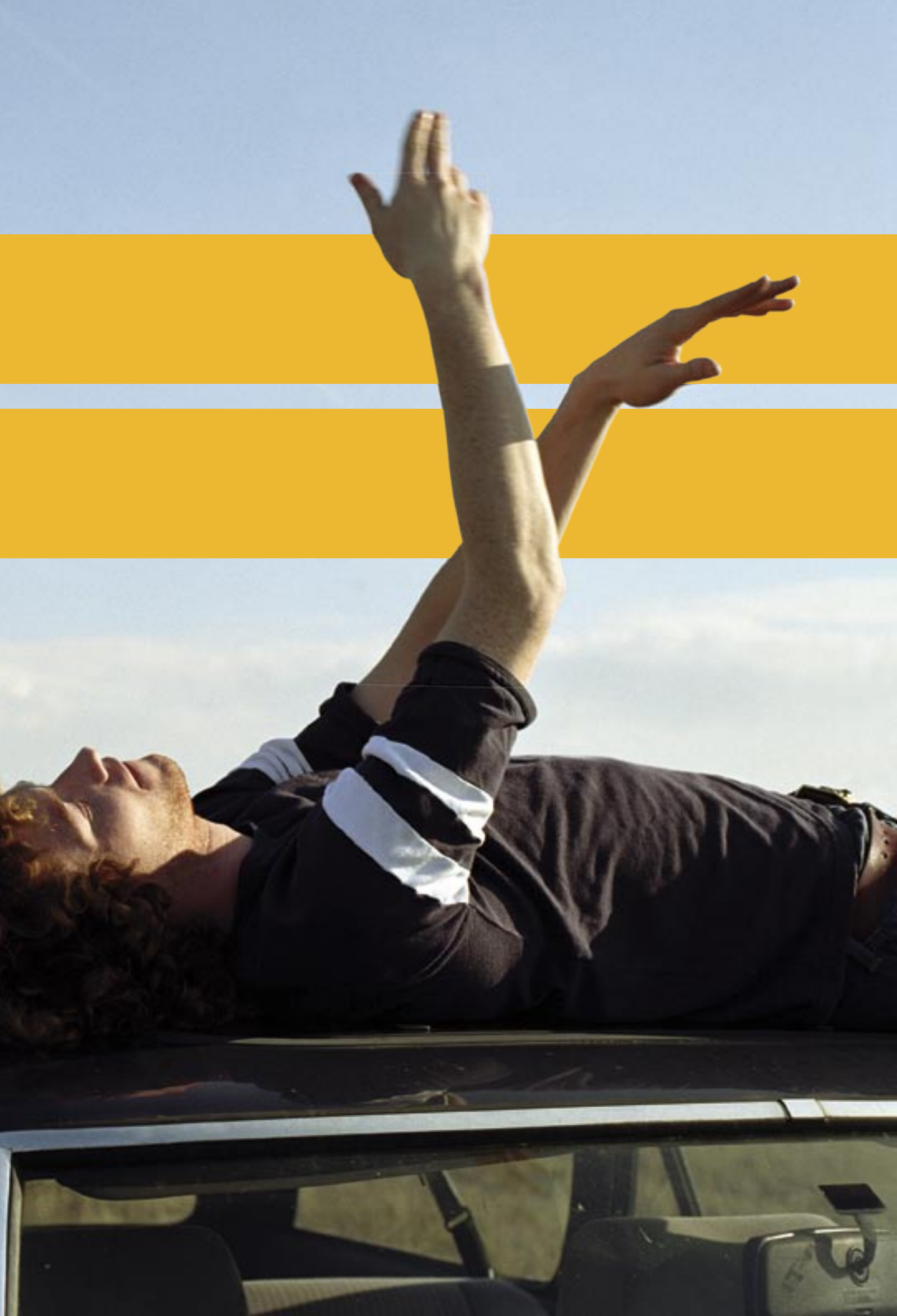
Thanks to all for joining us on this journey toward a simpler, less stressful life that comes from a relationship with a trusted partner and a sound financial resource.

We will launch new products and services and refresh existing ones while maintaining our commitment to sound financial management and corporate efficiency.

TAKE A LITTLE TIME FOR

YOURSELF.





From left to right:

GEORGE W. WEST

President

ADAM M. SHAYNE

Counsel to the Board

HILDA M. OCHOA

Vice President

ANN E. RENNIE

Director

BARBARA N. OPPER

Director

SUDHIR RAJKUMAR

Director

KENNETH M. MIRANDA

Director

BOARD OF DIRECTORS



IMF Photo © Michael Spiloto

Not pictured:

CRISTOPHER D. HEMUS

Treasurer

CARL-JOHAN LINDGREN

Director

TOM C. TSUI

Secretary

2006 FINANCIAL REPORTS

.....
FINANCIAL RESULTS 20

.....
TEN-YEAR PERFORMANCE SUMMARY 24

.....
CREDIT COMMITTEE REPORT 26

.....
SUPERVISORY COMMITTEE REPORT 27

.....
STATEMENT OF FINANCIAL CONDITION 28

.....
FINANCIAL STATEMENTS

Complete audited financial statements are available online at bfsfcu.org.

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THE CREDIT UNION'S financial results during 2006 continued to be strong. By year-end, total assets and total deposits had both increased by 5.4 percent and 4.8 percent, respectively, to \$2.2 billion and \$1.8 billion, compared to \$2.1 billion and \$1.7 billion, respectively, by year-end 2005. Deposits

17.2 percent for the year, compared to 10.4 percent in 2005, reflecting an increase in staff and infrastructure expenses.

CAPITAL STRENGTH

Reserve and undivided earnings are among the most significant indicators of a financial

FINANCIAL RESULTS

grew by \$82.2 million, with the largest increases coming in our Money Management Savings Accounts, longer-duration Share Certificate Accounts (of 12 months or more), and Jumbo Share Certificate Accounts. Net loans increased 4.1 percent, to \$1.6 billion, reflecting a slowing in the Washington, D.C. metropolitan area's housing market and an increase in loan rates across the board. Net income was \$21.2 million, compared to \$24.1 million in 2005. Credit Union membership grew 3 percent during 2006, to 55,448, consistent with our growth during 2005.

The Credit Union's 2006 net income of \$21.2 million represented a return on average assets of 1 percent compared to 1.2 percent in 2005 and 1.4 percent in 2004. Reserve and Undivided Earnings increased by 5.9 percent in 2006 compared to 8.4 percent in 2005. This enabled the maintenance of a Reserve and Undivided Earnings to Total Assets ratio of 15.2 percent for the year. Operating expenses increased

organization's soundness. The Credit Union's capital base of 15.2 percent of Reserve and Undivided Earnings to Total Assets at year-end exemplifies our commitment to ensure the organization's ongoing financial viability, while investing in improvements and expansion of services to members. Because this ratio exceeds the standard requirement set by the National Credit Union Administration (NCUA), our U.S. government regulator, our Credit Union is considered "Well Capitalized" by NCUA. BFSFCU's Board and Management monitor this requirement closely, in recognition of a widening range of variables that include potentially unfavorable interest-rate movements, credit risks in the loan portfolio, currency fluctuations, increasing operating expenses, and the possibility that the banking industry's well-funded lobbying efforts will result in federal taxation of credit unions.

LIQUIDITY AND INVESTMENTS

The Credit Union's goal is to maintain a liquidity level of at least 20 percent of

shares, seeking an optimal level to accommodate potential extremes in deposit fluctuations and unusual loan demand. We ended the year with a liquidity ratio of 29.6 percent, compared to 28.4 percent in 2005 and 32.3 percent in 2004. In 2006, the Credit Union's trading account portfolio, composed

ended the year at \$391.8 million, compared to \$319.2 million at year-end 2005.

FEDERAL SHARE INSURANCE AND EXAMINATION

The continued stability of our deposit insurer, the National Credit Union Administration's

exclusively of U.S. Treasury and U.S.-Government-backed Agency obligations and AAA-rated U.S. Municipal Bonds, decreased by approximately \$28.4 million (net of securities purchased but not settled at year end), compared to 2005. The total return for this portfolio increased approximately \$1.1 million in 2006 compared to 2005, primarily due to higher market interest rates.

During the 15 years in which the Credit Union has used outside investment advisors to handle its "excess" liquidity, these managers have collectively outperformed the Credit Union's benchmark by an average of .38 percent per year. The Board of Directors and Management review each manager's performance on a monthly basis, and we continue to make changes as required by current market conditions. The trading account securities portfolio balance ended the year with a market value of \$137.2 million, compared to \$165.6 million at year-end 2005. Our Federal Funds and short-term investments portfolio

Share Insurance Fund (NCUSIF), is an important underpinning of our institutional safety and soundness. The NCUSIF insures credit union member accounts for up to \$100,000 per qualified beneficiary and Individual Retirement Accounts (IRAs) up to \$250,000. The NCUSIF protects deposits only in credit unions and has a history of being the strongest and most stable of the Federal deposit insurance funds. Our NCUA examiners completed their most recent examination of the Credit Union effective December 31, 2005. In addition, our outside independent public auditors, Ernst & Young LLP, completed their audit for the period January 1, 2006, to December 31, 2006. Their complete report containing the entirety of our audited financial statements can be found on our website at bfsfcu.org.



The image features a blurred background of a dirt road with visible tire tracks. A solid yellow horizontal band spans the width of the image, serving as a backdrop for the text.

ENJOY

THE SIMPLE SIDE.

TEN-YEAR PERFORMANCE SUMMARY



(In Thousands, US\$) 1997 1998 1999

STATEMENTS OF FINANCIAL CONDITION (AT YEAR END)

Cash and Investments	\$329,429	\$455,142	\$440,547
Loans (Net of Allowance for Loan Losses)	542,612	550,759	627,597
Deposits	758,487	876,153	925,583
Reserve and Undivided Earnings	118,635	137,407	152,741
Total Assets	886,219	1,022,242	1,086,588

STATEMENTS OF INCOME (FOR THE YEAR)

Income	58,163	64,130	59,857
Dividends	30,000	30,925	28,083
Expenses	12,300	14,433	16,440
Net Income	15,863	18,772	15,334

KEY RATIOS

Interest-rate Sensitivity ¹	107.3	107.5	105.4
Liquidity ²	43.4	51.9	47.6
Loan Deposit	71.5	62.9	67.8
Reserve and Undivided Earnings to Deposits	15.6	15.7	16.5
Reserve and Undivided Earnings to Total Assets	13.4	13.4	14.1

OTHER (AT YEAR-END)

Members	36,809	39,287	41,458
Employees	108	124	128

¹ Rate-sensitive assets as a percentage of rate-sensitive liabilities.

² Liquid assets as a percentage of deposits.



	2000	2001	2002	2003	2004	2005	2006
	\$413,344	\$474,368	\$490,399	\$568,489	\$553,099	\$516,579	\$560,845
	744,675	866,481	1,040,612	1,174,906	1,360,022	1,509,477	1,571,856
	991,268	1,147,170	1,309,712	1,498,402	1,634,122	1,727,870	1,810,065
	176,554	203,600	234,079	261,654	287,861	312,008	330,313
	1,176,907	1,361,116	1,554,217	1,769,586	1,942,142	2,057,779	2,168,624

	77,195	81,674	75,892	70,003	71,742	89,471	110,758
	34,944	34,652	24,118	17,560	16,585	33,353	52,017
	18,438	19,976	21,295	24,868	28,950	31,971	37,469
	23,813	27,046	30,479	27,575	26,207	24,147	21,272

	101.0	88.7	88.0	94.1	89.7	88.4	83.7
	41.7	41.4	37.4	37.9	32.3	28.4	29.6
	75.1	75.5	79.5	78.4	83.2	87.4	86.8
	17.8	17.7	17.9	17.5	17.6	18.1	18.2
	15.0	15.0	15.1	14.8	14.8	15.2	15.2

	43,491	45,556	47,863	50,038	51,889	53,841	55,448
	130	143	171	195	211	237	274



ABRAHAM J. KLIPPEL

Chair

MEMBERS

- Paul B. Bravery
- Janet G. Corrigan
- James Hudson
- Barry C. Yuen

ALTERNATE MEMBERS

- Fernando Gaitan
- Peter D. Grimm
- Trudy Kotei
- Yasmin Saadat
- Ying Z. White

CREDIT COMMITTEE REPORT

On behalf of the Credit Committee, it is a pleasure to report on another successful year in the lending area. Total net loans outstanding at year-end 2006 grew to \$1.6 billion, compared to \$1.5 billion in 2005 and \$1.4 billion in 2004. The Credit Union's loan-to-deposit ratio was 86.8 percent at the end of 2006, compared to 87.4 percent at the end of 2005 and 83.2 percent at the end of 2004. Our mortgage-loan servicing portfolio decreased somewhat reflecting the increasing popularity of adjustable rate mortgage products, ending 2006 at \$554 million, compared to \$571 million at the end of 2005. Our real-estate loan portfolio held steady at \$1.4 billion for the second straight year. Outstanding balances in consumer lending increased to \$162 million, from \$151 million for the prior year.

I particularly wish to thank the staff of the Credit Union's Lending Services Department, as well as the members and alternate members of the Credit Committee, for all of their work and dedicated effort on behalf of the Credit Union and its membership.

**AMAN K. TRANA**

Chair

MEMBERS

Leroy E. Grassley

Nicholas Pardoe

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee has been charged with the responsibility for the periodic review of the Credit Union's policies and internal control procedures. The Committee retained the auditing firm of Ernst & Young LLP to conduct an annual audit, and to express an opinion on the financial statements of the Credit Union. Their opinion, along with the Credit Union's audited financial statements, is available at bfsfcu.org.

Ernst & Young LLP has completed the audit for the period January 1 through December 31, 2006, performed in accordance with generally accepted auditing standards. We certify that the auditors' report is based on information obtained from the Credit Union's records and through direct observation by the independent auditors acting on behalf of the Supervisory Committee and that, to the best of our knowledge and belief, the statements covered by their opinion are accurate.

STATEMENT OF FINANCIAL CONDITION

(In Thousands, US\$) At December 31

2006

2005

ASSETS		
Loans to Members, Net of Allowance for Loan Losses and Net Deferred Costs	\$1,571,856	\$1,509,477
Cash	5,898	5,491
Federal Funds Sold and Short-term Investments	391,784	319,244
Trading Account Securities, at Market Value	137,205	165,586
U.S. Government Securities, Held-to-Maturity (Market value \$25,287—2006 and \$25,536—2005)	25,958	26,258
Accrued Interest Receivable	6,924	5,930
Other Assets	28,999	25,793
Total Assets	\$2,168,624	\$2,057,779
LIABILITIES AND MEMBERS' EQUITY		
Members' Deposit Accounts	\$1,810,065	\$1,727,870
Dividends Payable	14,258	11,065
Accrued Expenses and Other Liabilities	13,988	6,836
Total Liabilities	1,838,311	1,745,771
Regular Reserve	27,151	27,151
Undivided Earnings	306,129	284,857
Accumulated Other Comprehensive Income	(2,967)	—
Total Members' Equity	330,313	312,008
Total Liabilities and Members' Equity	\$2,168,624	\$2,057,779

Complete audited financial statements are available online at bfsfcu.org.

FINANCIAL SERVICES



DEPOSIT ACCOUNTS

Checking
Individual Retirement Accounts (IRAs)
Jumbo Share Certificates
Money Management
Money Management Checking
Quarterly Savings
91-day Share Certificate
6-month Share Certificate
RateKeeper Share Certificate
Step-Up Share (36- and 60-month)
Certificates
Share (12-, 24-, 30-, 36-, and
60-month) Certificates
WealthBuilder Share Certificate

CONSUMER LOANS

Airplane
Automobile (New and Used)
Boat
Credit Cards
Education
Line of Credit/Reserve
Motorcycle
Pension
Recreational Vehicle
Share Certificate-secured
Share-secured
Signature Personal (Loan)
Stock/Bond-secured
Share Certificate-secured

REAL ESTATE LOANS

First Mortgage
Investment Properties
Primary Residence
Second Home/Vacation Homes
Home Equity Loan
Home Equity Line of Credit
Homeowner's Loan
Nationwide Lending
(through Lincoln Service Mortgage)

FOREIGN EXCHANGE

Exchange-Rate Quotes
Foreign Checks/Drafts
Foreign Check Collection

Foreign Currency Exchange
International Drafts
International Transfers
Precious Metal Bullion and Coins
Travelers Cheques
Foreign Exchange ATM

INFORMATION SERVICES

ABCD Buyers Club
Free Member Seminars
First Mortgage Application Kit
Home Equity Application Kit
Kelley Blue Book
Member Services Guide
MVCP Car Price Protection Service
Newsletter (*PROSPERITY*)
Rates Line
Service Brochures

INTERNET SERVICES

bfsfcu.org
Financial Education
Information
Rates
HomeValueBot
Online Banking
e-Alerts
e-Statements
Quicken/MS Money
Online Billpayer
Online Mortgage Center
24x7 Consumer Lending
(Internet and Telephone)
WebSecure

CONVENIENCE SERVICES

American Express Gift Cheques
American Express Travelers Cheques
Audio Response
UnionExpress ATMs
ATM Networks:
Surcharge-Free ATMs (CO-OP, Alliance
One, and Star\$*f* Networks)
Star
MasterCard/Cirrus
Bank-by-Mail
Card Laminating

Cash Advances
Cashiers Checks
Certified Checks
Credit Cards:
Visa Gold
Visa Platinum
Visa Platinum Member Rewards
Verified by Visa Online Purchase
Protection
MasterCard SecureCode
Credit Card AutomaticPay
CU Realty Services
Direct Deposit
International Toll-Free Telephone Lines
Notary Services
Payroll and Pension Deductions
Pre-authorized Payments
S-30 PAY (for BFSFCU credit cardholders)
SafetyLink Checking Overdraft
Protection
Shared Branch Networks
Signature Guarantee Program
24-Hour Express Depository
U.S.-Dollar Domestic Transfers
U.S. Toll-Free Telephone Lines
Visa Debit Card
Wire Transfers

INSURANCE PRODUCTS

Credit Life
Credit Disability Insurance
Payment-Protection Products on:
Home Equity Loans
Consumer Loans
Credit Cards
GAP (Guaranteed Asset Protection) for
Vehicle Loans
MRC (Mechanical Repair Coverage) for
Vehicles



WHAT YOU NEED –

WHENEVER, WHEREVER.

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President and Managing Director, Committee Chairs.

Michael Spilotro; Board of Directors

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