Financial Highlights
(In Thousands, US$) 2005 2004 % CHANGE

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
<th>% CHANGE</th>
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</thead>
<tbody>
<tr>
<td><strong>STATEMENTS OF INCOME (FOR THE YEAR)</strong></td>
<td></td>
<td></td>
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<tr>
<td>Income</td>
<td>$89,471</td>
<td>$71,742</td>
<td>24.7</td>
</tr>
<tr>
<td>Dividends</td>
<td>33,353</td>
<td>16,585</td>
<td>101.1</td>
</tr>
<tr>
<td>Expenses</td>
<td>31,971</td>
<td>28,950</td>
<td>10.4</td>
</tr>
<tr>
<td>Net Income</td>
<td>24,147</td>
<td>26,207</td>
<td>(7.9)</td>
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<tr>
<td>Net Income before Net Loss</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>from Trading Account Securities</td>
<td>25,206</td>
<td>27,672</td>
<td>(8.9)</td>
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| **STATEMENTS OF FINANCIAL CONDITION (AT YEAR-END)** |        |        |          |
| Cash and Investments         | $516,579| $553,099| (6.6)    |
| Loans (Net of Allowance for Loan Losses) | 1,509,477| 1,360,022| 11.0     |
| Deposits                     | 1,727,870| 1,634,122| 5.7      |
| Reserve and Undivided Earnings | 312,008| 287,861| 8.4      |
| Total Assets                  | 2,057,779| 1,942,142| 6.0      |

| **RATIOS** |        |        |          |
| Reserve and Undivided Earnings to Deposits | 18.1% | 17.6% | 2.8     |
| Reserve and Undivided Earnings to Total Assets | 15.2% | 14.8% | 2.7     |

| **OTHER** |        |        |          |
| Mortgage Servicing Portfolio | $570,824| $561,216| 1.7      |
| Members                      | 53,841 | 51,889 | 3.8      |
| Employees                    | 237    | 211    | 12.3     |
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The 59th Annual Meeting of Bank-Fund Staff Federal Credit Union is scheduled for Thursday, April 6, 2006, at 3:00 p.m. in the International Monetary Fund’s HQ1 Building, Red-Level Auditorium, R-710, 700-19th Street, NW, Washington, DC.

Copies of the minutes of BFSFCU’s 58th Annual Meeting will be available at the 2006 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.
It took our organization over 50 years to arrive at our first billion dollars in assets, and just seven more to achieve the second. What has remained a constant throughout each of these years of growth and development is our debt to the membership.

On October 14, 1947, a federally chartered financial cooperative known as Bank-Fund Staff Federal Credit Union (BFSFCU) was created for the sole and exclusive purpose of serving those working for the nascent International Bank for Reconstruction and Development (IBRD) and International Monetary Fund (IMF).

BFSFCU started humbly, with less than $3,000 in capital and fewer than 100 members. Fifty-eight years later almost to the day, on October 31, 2005, BFSFCU arrived at $2 billion in total assets, with over 53,000 in membership.

Currently, we rank in the top 20 of all U.S. federal credit unions, and provide our diverse and widespread global membership — the staffs, retirees, and immediate families of the World Bank Group and IMF community — with an increasingly comprehensive range of personal financial services.

It took our organization over 50 years to arrive at our first billion dollars in assets, and just seven more to achieve the second. What has remained a constant throughout each of these years of growth and development is our debt to the membership. As a member-owned financial cooperative, we literally do owe it all to our members.

During 2005, we arrived at a number of destinations and decision-points. August 15, for example, represented an unprecedented and significant juncture in the Credit Union’s organizational life. This was the date on which Richard J. Osius chose to retire, after 26 years of service as Chief Executive Officer (CEO) and Managing Director of Bank-Fund Staff Federal Credit Union. He was presented with BFSFCU’s Distinguished Service Award at a warm and collegial gathering of BFSFCU staff, elected officials, and guests who included past BFSFCU Managing Director Alvaro E. Proenza and previous Award recipients Donald D. Fowler, Klaus Boese, and Barbara Sophios Santos.

The Award, established in 1997 on the occasion of the Credit Union’s 50th anniversary, was initially presented to the Credit Union’s first member and president Donald D. Fowler, and then in 1999 to Klaus Boese, past Board Vice President and President. In 2002, former Board President Barbara Sophios Santos received the Award in recognition for her service on the Board of Directors between 1980 and 1991. In May 2004, a posthumous Award was

1 “Top 100 Federal Credit Unions by Total Assets” as of December 2005, National Association of Federal Credit Unions (NAFCU).
presented in memory of Board member and Officer Nestor V. Santiago.

Longtime Board of Directors official and President George W. West agreed to temporarily step down from the Board to act as Interim Managing Director during the Credit Union’s Executive Search. Hilda M. Ochoa replaced him as President during this period. After an exhaustive months’ long process, the Board in December unanimously voted to appoint Mr. Stephen D. Breed, the Credit Union’s Director of Lending since 1988, as BFSFCU’s new CEO and Managing Director.

BFSFCU has always striven to be the preferred financial services provider for those we serve, and we now enjoy this status with the majority of our members. Our member-focused research and experience shows us that we can best maintain this relationship by providing a comprehensive range of relevant and competitively priced products and services, delivered with strikingly impressive service, in the most secure environment possible. During the course of 2005 we continued to work towards those objectives, while refining our vision and strategy for the future. All of us at the Credit Union — staff, management, and Board of Directors — worked towards solid returns and results, developing and deploying the metrics to assess progress on key issues like performance and security.

**NEW MEASURES AND MANDATES**

As 2005 ended, we received the results from our comprehensive member survey, mailed to over 18,000 members domestically and abroad in the fall of the year. Building on the new research baseline established with the 2003 annual survey, representing the change from a previously triennial process established in 1980, we were eager to see how we measured up.

Over 58 percent of members said that they regarded the Credit Union as their primary financial institution, maintaining our standing as significantly above the 189 other credit unions participating in the survey. Over 96 percent of our members were satisfied or very satisfied with our service, statistically similar to the year before, with a slight increase in the number of “Very Satisfieds.” We received our highest marks in staff friendliness, accuracy, and professionalism.

Compared to the other credit unions surveyed, ours ranked highest or close to highest in numerous categories, including Online Banking use, Checking account penetration, and mortgages. In fact, of all our members with mortgage loans, 42 percent have them with BFSFCU, compared with 14 percent for our Peer Group. Of all members having a home equity line of credit, 51 percent chose us, compared with 33 percent for our peers. In the consumer lending category, of our members with auto loans, 42 percent have them with us.

Findings also indicated our FOCUS newsletter to be the preferred means (followed by our website, telephone inquiries, and statement inserts) for members to be informed about the Credit Union. These findings validated our use of 2004 member preferences to guide our efforts to better provide timely, relevant, and convenient ways to access Credit Union news and information on our services: early in 2005 we changed FOCUS from a four-page quarterly publication, to a monthly front-and-back newsletter included with statements, and we extended our Member Services Telephone and Communications hours from 8:30 a.m. – 3:30 p.m., to 7:00 a.m. – 7:00 p.m. A year later we did likewise with telephone hours in Lending Services.

Following the model of previous years, members of the Board and Committee Chairs met with managers and senior staff in late January 2006 to review the 2005 survey results in detail and analyze what we had been doing best, what we needed to improve, and discuss priorities. We shared results and conclusions with our staff as a whole at an assembly in early February. The priorities arrived at were consistent with previous results: continued emphasis on service, security, convenience, value, and member awareness. We have registered progress in 2005, while acknowledging substantial room for improvement.
Further guiding our efforts during 2005 was research obtained from an online survey soliciting member views on investment and insurance products and services, and a member focus group on the Credit Union’s image. In late February and early March 2006, multiple member focus groups were held to provide insights into possible future investment-related products and services.

The ever-increasing geographic and demographic dispersion of members, and the pace and trend of communications in general, continue to merit substantial investments in technology and personnel as effective ways of making it easier, more convenient and cost-effective for members to do business with us. Our research results continue to emphasize the importance of convenience and value to members, and we expect to continue to direct significant resources toward improving our accessibility and availability, factoring in security and value, especially through the Internet and over the telephone.

We returned record value to our members over the course of 2005, in a number of ways geared to reward depositors and borrowers both.

On the credit-card side, Visa® Travel Rewards cardholder annual fees dropped from $65 to $19, and new Visa Gold and Platinum cardholders were offered a lower introductory rate of 3.9 percent APR (annual percentage rate). Travel Rewards cardholders received double points for purchases in November and continued to benefit from bonus Rewards points awarded for taking advantage of other BFSFCU lending products.

Our elimination of monthly fees for regular users of Online Billpayer continued to drive up use. Now that Online Billpayer has been made free of charge to regular users, even more of our members are realizing the benefits of secure, automated bill-payment without the uncertainties, nuisance, and ever-increasing expense that includes a U.S. postage increase in January 2006. Online Billpayer accounts essentially doubled in 2004, and increased a further 25 percent to over 6,000 users by the end of 2005. Total transactions increased 31 percent over the same period, to nearly 30,000.

Our practice of eliminating or ameliorating fees to encourage online use carried over in our elimination of BFSFCU fees for balance inquiries and account-to-account transfers at non-BFSFCU ATMs, as well as the doubling of the number of fee-free cash withdrawals at non-BFSFCU ATMs to ten per month. In the first quarter of 2006, the decision was made to implement an ATM Surcharge Rebate program. We decided to keep it simple and easy,
Destinations and decision-points
with up to five surcharge rebates each month to members who use *UnionExpress Plus* Visa debit cards and elect to receive e-Statements instead of paper.

In addition to eliminating these fees, BFSFCU promoted its thousands of surcharge-free ATMs nationwide through partnerships with STAR®, Alliance One, and CO-OP Networks as well as through shared branches, which are available with extended and weekend hours for added convenience. Details on locations and hours are available at bfsfcu.org/sharedbranches. Towards the end of 2005, we announced the availability of an additional 5,300 surcharge-free ATMs at 7-Eleven® and Wawa® convenience stores throughout the country.

We celebrated our $2-billion-in-assets milestone on micro as well as macro levels. We distributed a number of promotional items, including Child ID kits to members opening accounts for their children, thank-you baskets for members who finance the purchase of a home through us, Kiplinger “Family Organizer” CDs for new term-share accountholders, and iPod nanos to the first ten members opening 5-Year Step-Up Term Share accounts of $20,000 or more.

**VIRTUAL CONVENIENCE**

Our members are increasingly taking advantage of the convenience, economy, and flexibility available through 24x7 access. Compared to other credit-union survey participants, our members ranked in the 94th percentile of total electronic-channel usage, inclusive of online viewing of statements and cancelled checks, rates and information, and applying for loans. Sixty-three percent of our members use our Online Banking as opposed to 38 percent in credit unions elsewhere, and 22 percent of our members use our Online Billpayer as opposed to 13 percent elsewhere.

Since its introduction in 1998, Online Banking has grown in use and sophistication. During 2005, we added once again to its capabilities. In addition to the ability to re-order checks, view cleared checks and statements, and interact with Intuit’s Quicken for Windows® and MS Money®, members can now securely update their contact information (addresses, e-mail addresses and telephone numbers), and choose from a wide array of e-Alerts to be notified of account and loan balance information, electronic (ACH) deposits and withdrawals, loan-payment due dates and even maturing Term-Share accounts. E-Alerts can be set up for e-mail, cell phones, and pagers, since Online Banking is available on a wireless basis. In 2006, we look forward to augmenting e-Statements with upgraded security measures like “dual-factor authentication” to obviate threats like keystroke logging, as well as further exploring a mortgage-inquiry feature and e-Wires capabilities.

Whereas members can access their funds and verify balances at hundreds of thousands of ATMs worldwide using the BFSFCU *UnionExpress Plus* Visa® Debit cards or *UnionExpress* ATM cards, an increasing number of members use the Internet, a convenient and cost-effective worldwide channel through which we provide secure, round-the-clock online access to Credit Union services and account information. Given its prominence and value to members, we continue to enhance the functionality of the services offered through our website at bfsfcu.org, including a redesign of vital components like Online Banking.

Remote services like secure, easy-to-use, Internet Online Banking and telephone Audio Response enable members to bank day or night, any day of the year, from all over the world. Record numbers of members now conduct much, if not all, of their everyday banking electronically free of charge, merely with an individual Online Banking Security Number and password. By year-end 2005, Online Banking had 22,100 registered users, up 12.3 percent from year-end 2004. Conversely, as the popularity of Online Banking increases, telephone Audio Response use declines, reflecting “channel substitution” as increased member use of electronic services overtakes demand for an earlier technology. 2005 saw a 7.2 percent decrease in Audio Response users to 6,152 at year-end.
PHYSICAL UPGRADES AND FACILITIES

Years of planning and effort materialized in the official opening of our new full-service branch in the IMF’s new HQ2 building at 1900 Pennsylvania Avenue, NW. On December 1, 2005, IMF Executive Director Rodrigo de Rato, accompanied by George West, cut the ceremonial ribbon. Among those many with a hand in making this happen, we are indebted to former Board member Inger Prebensen for her galvanizing support and enthusiasm.

Our IMF HQ2 branch boasts, in addition to a UnionExpress ATM, a foreign-currency ATM supplied through our Foreign Exchange partner, Travelex, that dispenses Euros, U.K. pounds, and Canadian dollars.

In 2005, we also completed the project begun late the previous year, to upgrade our existing UnionExpress ATMs located on the Bank-Fund downtown “campus.” These upgrades were required to comply with the latest nationwide data-encryption standards and with the Americans with Disabilities Act. During the course of this project, the World Bank’s own conversion plans for the Main Complex building’s 17th-Street entrance necessitated the removal of a UnionExpress ATM, subsequently replaced by a UnionExpress ATM installation in the World Bank’s MC Atrium.

Since even the most diligent space-saving efforts can eventually succumb to the demands of physical growth, we were forced to seek more spacious accommodations for our primary data center. Following extensive engineering studies of our primary computer room and attendant Information Technology (IT) work space, our primary data center was relocated to suitable space in the IFC Building.

INTERNAL CHANGES

To better manage our member contacts and communications, we have taken the first steps in the organizational adaptation of Customer Relationship Management (CRM), beginning with our Member Services areas. CRM technology provides correspondence and communications tracking and many features aimed at overall better service to our members.

Technology-based service enhancements are mainstays of our operations, accompanied by continual improvements in internal processes and workflows, and periodic hardware updates. Behind the scenes, we have upgraded and refined internal e-mail anti-spam solutions, service-level standards for response times, and a centralized Information Technology Help Desk.
We now routinely use electronic imaging to facilitate access to information records, enable quicker response to the requests of members and colleagues, and save space as well as reduce paper use. Such efforts contribute to cost savings and greater operational efficiencies.

**PROTECTING OUR MEMBERS**

Financial safety and soundness and a multitude of attendant issues, expected of all organizations tasked with significant fiduciary responsibility for their clientele’s financial assets, remain at the forefront for the Credit Union’s Management and Board of Directors.

The Credit Union takes very seriously its obligations to protect member information, and we maintain physical, electronic and procedural safeguards that comply with all federal regulations to protect such information, incorporating new information security guidelines as required.

In our periodic financial privacy notifications to members, we explain that this Credit Union, unlike many other organizations, does not release our members’ financial data, except for requisite court-ordered actions, reporting to credit bureaus, or to conduct business requested by the member. And, although we would never ask members to divulge sensitive information such as Personal Identification Numbers, we occasionally do need to initiate member contacts for transaction verification purposes or specialized research like focus groups.

Juxtaposed with our member guardianship role is our member education role. From time to time, certain kinds of financial information is legitimately recorded in the public domain. Such public-record information commonly manifests itself in forms like unwanted mail solicitations for mortgages and other loans.

In addition, in today’s complicated world, members need to know that using computers and Internet commerce may expose them to variables outside any institution’s control. As an important part of our commitment to our members’ online security, we campaigned to enlist our members’ personal awareness and cooperation in the war against perils like Internet fraud and Identity Theft. We developed WebSecure, an online resource link located on our home page at bfsfcu.org and publicized through a special section in FOCUS each month, to provide members with useful information and education related to online banking and computer security.

As an extension of our measures to combat increasing fraud and identity theft throughout the financial industry, we now require member mail to be delivered directly to valid mailing addresses (addresses that are currently operative and not subject to forwarding services of record). Members can avoid attendant inconvenience, confusion, and delays by changing their contact information themselves through Online Banking, or by providing Member Services with instructions to change their regular mailing address to a temporary one.

All of the above was done in the context of completing the semi-annual review and updates to BFSFCU’s governing Business Resumption Plan. We conducted multiple off-site tests for validation of its IT portion, as well as upgrading our redundant IT firewall with new hardware and updated firewall software, and completing purchase of a replica system in the event of our primary system’s unavailability.

**VOLUNTEERS FOR A CAUSE**

Credit unions are unique in the financial services industry. Not only do they exist exclusively for the benefit of their members, they rely to a large extent on volunteers: credit unions are member-owned and -controlled through the election of a board of directors drawn from their membership. In the case of this Credit Union, we are fortunate in the dedicated, talented — and unremunerated — volunteers who make themselves available to us.

These individuals, whether elected by the membership to the Board of Directors and/or appointed by the Board to serve in different capacities and work with the Credit Union’s management and staff, merit, at minimum, our
The Board and its standing Committees during 2005 maintained a high degree of involvement with the oversight and functioning of the Credit Union, serving as a critical driver and resource for the Executive succession and selection process.

At the Credit Union’s 58th Annual Meeting on April 7, 2005, our independent Tellers of Election announced the results of the Credit Union’s annual mail-ballot election for three three-year terms on the Board of Directors. The three out of a field of four candidates who received the highest number of votes were Hilda M. Ochoa, Sudhir Rajkumar, and Christopher D. Hemus. George W. West was once again re-elected by his fellow Board members as Board President, with Hilda M. Ochoa as Vice President, Kenneth M. Miranda as Treasurer, and Barbara N. Opper as Secretary. Abraham J. Klippel was appointed chair of the Credit Committee and Aman K. Trana chair of the Supervisory Committee.
Our members mean the world to us
We rank in the Top
of all U.S. federal credit unions
The Credit Union’s financial results during 2005 continued to be strong. By year-end, total assets and total deposits had both increased by 6.0 percent and 5.7 percent, respectively, to $2.1 billion and $1.7 billion, compared to $1.9 billion and $1.6 billion, respectively, by year-end 2004. Net loans increased 11.0 percent, to $1.5 billion, compared to an increase of 15.8 percent in 2004. Net income was $24.1 million, compared to $26.2 million in 2004, and $27.6 million in 2003.

The Credit Union’s 2005 net income of $24.1 million represented a return on average assets of 1.2 percent compared to 1.4 percent in 2004 and 1.7 percent in 2003. Reserve and Undivided Earnings increased by 8.4 percent in 2005 compared to 10.0 percent in 2004 and 11.8 percent in 2003. This enabled the maintenance of a Reserve and Undivided Earnings to Total Assets ratio of 15.2 percent for the year. Operating expenses increased 10.4 percent for the year, compared to 16.4 percent in 2004.

**CAPITAL STRENGTH**

As stated each year, reserve and undivided earnings are among the most significant indicators of a financial 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, this Credit Union is considered “Well Capitalized” by NCUA.

Bank-Fund’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 28.4 percent, compared to 32.3 percent in 2004 and 37.9 percent in 2003.

In 2005, the Credit Union’s trading account portfolio, composed exclusively of U.S. Treasury and U.S.-Government-backed Agency obligations and AAA-rated U.S. Municipal Bonds, increased by approximately $3.9 million (net of securities purchased but not settled at year end), compared to 2004. The total return for this portfolio increased approximately $2.1 million in 2005 compared to 2004, primarily due to higher market interest

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1. *Had the 2005 Supplemental Dividend distribution effective January 30, 2006, stayed at the previous year’s level, this would have been 1.5 percent.*
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 $165.6 million, compared to $173.1 million at year-end 2004. Our Federal Funds and short-term investments portfolio ended the year at $319.2 million, compared to $350.1 million at year-end 2004.

DEPOSITS
Overall deposits for the year grew by $93.7 million, or 5.7 percent, to $1.7 billion during 2005, compared with $1.357 billion, or 9.1 percent growth, during 2004. The largest category of balances continued to reside in Money Management accounts, which increased 4.0 percent, from $646.5 million in 2004 to $672.2 million by year-end 2005. Checking account balances declined slightly, from $375.9 million to $373.8 million, and Quarterly savings accounts fell from $258.7 million in 2004 to $241.7 million in 2005. The category of longer-duration Term-share accounts (“TSAs” of 12 months or more), increased 35.7 percent in 2005 compared to 30.9 percent in 2004, from $124.9 million to $169.6 million. Jumbo Term Shares, requiring a minimum investment of $100,000, increased 25.9 percent in 2005 compared to 5.4 percent in 2004, from $162.9 million to $205.1 million. All other deposit categories collectively increased marginally, by $0.4 million.

LENDING
The 11.0 percent growth of the Credit Union’s net loans, to $1.5 billion, reflected continued strong growth in the Washington, D.C. metropolitan area’s housing market. Although market mortgage interest rates continued edging up all year, a trend that had begun towards the end of 2004, member demand for mortgages remained remarkably robust. Purchases edged ahead of refinancings, constituting 51.2 percent of all mortgage-loan activity in 2005.

We endeavored to provide our members with lending programs appropriate to their personal financial needs, and used the New Business Lending function to great advantage in facilitating responsiveness and productivity in this key area.

Our 24x7 Lending service, available over the telephone and online, continued to be actively used as a well-established venue for members to obtain consumer loans and more recently, home equity loans. Supplementing such automated convenience, we also extended in-person Lending hours to 4:00 p.m. and Lending Services telephone coverage until 5:00 p.m. on weekdays. Building on this, and in tandem with our Member Services Telephone and Correspondence extended hours, early in 2006 we further extended Lending Services telephone coverage to 7:00 a.m.—7:00 p.m. on weekdays.

We continued to promote our partnership with Lincoln Service Mortgage (“LSM”). This firm, specializing in credit-union mortgage originations and settlements, provides members with additional borrowing channels with extended service hours for obtaining mortgage services over the telephone, which facilitates borrowing for properties located in all 50 U.S. states and the District of Columbia. Similarly, our online mortgage application platform enables us to offer an interactive mortgage application to members who like the total convenience afforded through 24x7 availability, accessibility, and privacy of an online experience. Members who apply for a mortgage loan online can, in many cases, receive immediate approval.

Recognizing that some members, especially those new to the United States or new to the home-mortgage process, have different needs than members who have undergone the property purchasing or refinancing process, we continued our First-Time Homebuyers Program, through which qualified members can finance a new home purchase with no down payment. We also continued our Credit-Union-sponsored Home-Buying Seminars, which are particularly well-received by our first-time homebuyers.
In addition, we continued our offering of insurance products such as credit life and disability. Increasingly popular programs also include GAP (guaranteed asset protection) and extended-warranty (mechanical repair coverage) insurance in connection with vehicle loans. Other promotions included our customary new- and used-vehicle loan sales, spaced seasonally in April, July, and October, with special BFSFCU lending rates and select dealer financing in the Washington, DC metropolitan area, with an ongoing Second Chance to Refinance campaign. Automobile loans are now available to members nationwide. Facilitating the consumer-lending process for members, we promoted LOANLINER®, our open-ended lending program. Once enrolled in the program, members can open loans more quickly and conveniently, often with no additional paperwork.

Overall, as previously mentioned, net loans increased above 2004’s level by 11.0 percent. Our portfolio of real-estate loans increased 12.3 percent in the popular adjustable-rate category, from $881.1 million to $989.6 million, and fixed-rate loans increased from last year’s record $340.4 million to a new high of $370.6 million. Secondary-market mortgage loan balances serviced increased, from $561.2 million in 2004 to $570.8 million in 2005. In 2005, despite many members using their mortgage refinancing opportunity to roll much if not all of their relatively expensive consumer loan debt into a new first mortgage loan and/or home equity loan with the Credit Union, our portfolio of consumer loans nonetheless increased from $139.1 million in 2004 to $150.8 million in 2005. Of this latter balance, 39.5 percent represented collateral-secured loans.

**FEDERAL SHARE INSURANCE AND EXAMINATION**

The continued stability of our deposit insurer, the National Credit Union Administration’s Share Insurance Fund (NCUSIF) is a highly regarded underpinning of our institutional safety and soundness. The NCUSIF insures credit union member accounts for up to $100,000 per qualified beneficiary. The NCUSIF protects deposits only in credit unions, not other financial institutions, 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 March 31, 2004. In addition, our outside independent public auditors Ernst & Young LLP, completed their audit for the period January 1, 2005, to December 31, 2005. Their report begins on page 30 of this Annual Report.

**MEMBERSHIP**

Credit Union membership grew 3.8 percent during 2005, to 53,841, consistent with our growth during 2004. Today’s constituency has its roots in the family and lifetime membership begun in August 1987, of “once a member, always a member.” Lifetime Membership extends Credit Union membership to the staffs, retirees, and family members (now defined as spouse or domestic partner, parents, children, grandparents, grandchildren, and siblings) of the World Bank Group, the International Finance Corporation, the Multilateral Investment Guarantee Agency, and the International Monetary Fund, as well as World Bank and IMF staff of the field and country offices. In addition, membership is open to groups of members such as ski, bridge, investment, or flying clubs; permanent employees of the Bretton Woods Recreation Center who work in Germantown, Maryland; permanent full-time employees of the World Bank’s Children’s Center who work in Washington, DC; and full-time employees of the Credit Union.

In acknowledgement of the importance of the family and category within our field of membership, we were especially pleased at being participants in the World Bank Family Network fair held in May 2005.

**CONTRIBUTIONS**

On the “home” front, our contributions during 2005 supported the World Bank Family Network, the Bank/Fund Choral Society, and the Margaret McNamara Society. Support for the community at large was expressed through contributions to the D.C. metro area United Way campaign, the World Bank’s Shoeboxes for the Homeless campaign, UNICEF, and Tsunami and Hurricane Katrina relief, as well as sponsorship and participation for the 4th consecutive year in the spring Credit Union Cherry Blossom 10-Mile Run held to support the Children’s
Miracle Network, a contributor to Children’s Hospitals around the country.

**DESTINATIONS AND DEPARTURES**

We arrived at a number of long-mapped-out destinations during 2005, from $2 billion in assets to a new branch location at the IMF, and numerous in between. Such achievements confer no rest. Thus, we are hard at work directing these destinations into future thresholds and achievements, continuing the legacy established in 26 years of leadership supplied by former Managing Director and CEO Richard J. Osius.

As we approach our 60th year, looming in 2007, we know that keeping service, staffing, equipment, and innovation levels aligned with member expectation is difficult and demanding, requiring abundant resources and review. Because enabling our staff is a way of enabling our members, we seek out the most qualified staff and tools, and the best advice and industry practices. 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.

The combination of our members’ increasing transaction levels with the Credit Union, and the corresponding increased reliance on remote as opposed to in-person access, supports our past and current investments in technology and infrastructure, service, and product enhancements. These technological necessities must be accompanied by correspondingly high personal levels of intelligent responsiveness.

Re-engineering efforts initiated in 2005 are continuing in 2006, supported and enabled by our exceptionally dedicated and involved Board of Directors who approved once again, after close study and discussion, a budget for future expansion, innovation, and service improvements.

Our 2005 membership survey underscored our awareness that continued success depends on retaining as well as earning member loyalty. Those of us involved with the day-to-day operations of the Credit Union are conscious of remaining centered on the consistent and timely delivery of quality products and services to those select groups who comprise our field of membership.

For the patronage that has brought us that measure of success, we heartily thank you. We also thank the Staff, Management, and Volunteers who work at earning that support and expanding that success. The 58-year journey from $3,000 to $2 billion represents an arrival at a new threshold as well as a departure point, for future and further realms of benefit for the Credit Union, and for Credit Union members. You mean the world to us.
in membership and growing
2005 Financial Reports

26 Credit Committee Report
27 Supervisory Committee Report
28 Ten-Year Performance Summary
30 Report of Independent Auditors
31 Financial Statements
35 Notes to Financial Statements
On behalf of the Credit Committee, it is a pleasure to report on another year of growth and achievement in the lending area. Total net loans outstanding at year-end 2005 grew to $1.5 billion, compared to $1.4 billion in 2004 and $1.2 billion in 2003. The Credit Union’s loan-to-deposit ratio was 87.4 percent at the end of 2005, compared to 83.2 percent at the end of 2004 and 78.4 percent at the end of 2003.

Our mortgage-loan servicing portfolio also increased, growing to $571 million, compared to $561 million at the end of 2004 and $555 million at the end of 2003. Our real-estate loan portfolio grew to $1.4 billion, from $1.2 billion the year before.

I particularly wish to thank the staffs of loan origination, processing, servicing, and secondary marketing of the Credit Union, 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.

Outstanding balances in consumer lending increased to $151 million, from $139 million for the prior year.

ABRAHAM J. KLIPPEL
Chair

MEMBERS
Paul B. Bravery
Stephen D. Breed
Cheryl A. Troy
Barry C. Yuen

ALTERNATE MEMBERS
Fernando Gaitan
Peter D. Grimm
James Hudson
Trudy Kotei
Greta Mitchell
Bernard Murira
Nilakanta Venkatesh
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 is stated on page 30.

Ernst & Young LLP has completed the audit for the period January 1 through December 31, 2005, 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.
<table>
<thead>
<tr>
<th>BAN-FUND STAFF FEDERAL CREDIT UNION</th>
</tr>
</thead>
</table>

(In Thousands, US$)

**STATEMENTS OF FINANCIAL CONDITION (AT YEAR-END)**
- Cash and Investments
- Loans (Net of Allowance for Loan Losses)
- Deposits
- Reserve and Undivided Earnings
- Total Assets

**STATEMENTS OF INCOME (FOR THE YEAR)**
- Income
- Dividends
- Expenses
- Net Income

**KEY RATIOS**
- Interest-rate Sensitivity\(^1\)
- Liquidity\(^2\)
- Loan to Deposit
- Reserve and Undivided Earnings to Deposits
- Reserve and Undivided Earnings to Total Assets

**OTHER (AT YEAR-END)**
- Members
- Employees

---

\(^1\) Rate-sensitive assets as a percentage of rate-sensitive liabilities.

\(^2\) Liquid assets as a percentage of deposits.
## TEN-YEAR PERFORMANCE SUMMARY

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$325,660</td>
<td>$329,429</td>
<td>$455,142</td>
<td>$440,547</td>
<td>$413,344</td>
<td>$474,368</td>
<td>$490,399</td>
<td>$568,489</td>
<td>$553,099</td>
<td>$516,579</td>
</tr>
<tr>
<td>COGS</td>
<td>484,319</td>
<td>542,612</td>
<td>550,759</td>
<td>627,597</td>
<td>744,675</td>
<td>866,481</td>
<td>1,040,612</td>
<td>1,174,906</td>
<td>1,360,022</td>
<td>1,509,477</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>712,669</td>
<td>758,487</td>
<td>876,153</td>
<td>925,583</td>
<td>991,268</td>
<td>1,147,170</td>
<td>1,309,712</td>
<td>1,498,402</td>
<td>1,634,122</td>
<td>1,727,870</td>
</tr>
<tr>
<td>Income</td>
<td>102,772</td>
<td>118,635</td>
<td>137,407</td>
<td>152,741</td>
<td>176,554</td>
<td>203,600</td>
<td>234,079</td>
<td>261,654</td>
<td>287,861</td>
<td>312,008</td>
</tr>
<tr>
<td>Profit</td>
<td>822,921</td>
<td>886,219</td>
<td>1,022,242</td>
<td>1,086,588</td>
<td>1,176,907</td>
<td>1,361,116</td>
<td>1,554,217</td>
<td>1,769,586</td>
<td>1,942,142</td>
<td>2,057,779</td>
</tr>
</tbody>
</table>

<p>| | | | | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses</td>
<td>$54,896</td>
<td>$58,163</td>
<td>$64,130</td>
<td>$59,857</td>
<td>$77,195</td>
<td>$81,674</td>
<td>$75,892</td>
<td>$70,003</td>
<td>$71,742</td>
<td>$89,471</td>
</tr>
<tr>
<td>COGS</td>
<td>29,101</td>
<td>30,000</td>
<td>30,925</td>
<td>28,083</td>
<td>34,944</td>
<td>34,652</td>
<td>24,118</td>
<td>17,560</td>
<td>16,585</td>
<td>33,353</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>10,865</td>
<td>12,300</td>
<td>14,433</td>
<td>16,440</td>
<td>18,438</td>
<td>19,976</td>
<td>21,295</td>
<td>24,868</td>
<td>28,950</td>
<td>31,971</td>
</tr>
<tr>
<td>Income</td>
<td>14,930</td>
<td>15,863</td>
<td>18,772</td>
<td>15,334</td>
<td>23,813</td>
<td>27,046</td>
<td>30,479</td>
<td>27,575</td>
<td>26,207</td>
<td>24,147</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>107.8</th>
<th>107.3</th>
<th>107.5</th>
<th>105.4</th>
<th>101.0</th>
<th>88.7</th>
<th>88.0</th>
<th>94.1</th>
<th>89.7</th>
<th>88.4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>45.7</td>
<td>43.4</td>
<td>51.9</td>
<td>47.6</td>
<td>41.7</td>
<td>41.4</td>
<td>37.4</td>
<td>37.9</td>
<td>32.3</td>
<td>28.4</td>
</tr>
<tr>
<td></td>
<td>68.0</td>
<td>71.5</td>
<td>62.9</td>
<td>67.8</td>
<td>75.1</td>
<td>75.5</td>
<td>79.5</td>
<td>78.4</td>
<td>83.2</td>
<td>87.4</td>
</tr>
<tr>
<td>Income</td>
<td>14.4</td>
<td>15.6</td>
<td>15.7</td>
<td>16.5</td>
<td>17.8</td>
<td>17.7</td>
<td>17.9</td>
<td>17.5</td>
<td>17.6</td>
<td>18.1</td>
</tr>
<tr>
<td>Profit</td>
<td>12.5</td>
<td>13.4</td>
<td>13.4</td>
<td>14.1</td>
<td>15.0</td>
<td>15.0</td>
<td>15.1</td>
<td>14.8</td>
<td>14.8</td>
<td>15.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>34,963</th>
<th>36,809</th>
<th>39,287</th>
<th>41,458</th>
<th>43,491</th>
<th>45,556</th>
<th>47,863</th>
<th>50,038</th>
<th>51,889</th>
<th>53,841</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>105</td>
<td>108</td>
<td>124</td>
<td>128</td>
<td>130</td>
<td>143</td>
<td>171</td>
<td>195</td>
<td>211</td>
<td>237</td>
</tr>
</tbody>
</table>
TO THE MEMBERS, THE BOARD OF DIRECTORS, AND THE SUPERVISORY COMMITTEE OF BANK-FUND STAFF FEDERAL CREDIT UNION:

We have audited the accompanying statements of financial condition of Bank-Fund Staff Federal Credit Union (the “Credit Union”) as of December 31, 2005 and 2004, and the related statements of income, reserve and undivided earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Credit Union’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bank-Fund Staff Federal Credit Union as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

February 3, 2006
### STATEMENTS OF FINANCIAL CONDITION

(In Thousands, US$) At December 31

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans to Members, Net of Allowance for Loan Losses</td>
<td>$1,509,477</td>
<td>$1,360,022</td>
</tr>
<tr>
<td>Cash</td>
<td>5,491</td>
<td>4,088</td>
</tr>
<tr>
<td>Federal Funds Sold and Short-term Investments</td>
<td>319,244</td>
<td>350,138</td>
</tr>
<tr>
<td>Trading Account Securities, at Market Value</td>
<td>165,586</td>
<td>173,106</td>
</tr>
<tr>
<td>Accrued Interest Receivable</td>
<td>5,930</td>
<td>5,494</td>
</tr>
<tr>
<td>Other Assets</td>
<td>25,793</td>
<td>23,527</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$2,057,779</td>
<td>$1,942,142</td>
</tr>
<tr>
<td><strong>LIABILITIES AND MEMBERS’ EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members’ Deposit Accounts</td>
<td>$1,727,870</td>
<td>$1,634,122</td>
</tr>
<tr>
<td>Payable for Securities Purchased Not Yet Settled</td>
<td>—</td>
<td>11,387</td>
</tr>
<tr>
<td>Dividends Payable</td>
<td>11,065</td>
<td>5,410</td>
</tr>
<tr>
<td>Accrued Expenses and Other Liabilities</td>
<td>6,836</td>
<td>3,362</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>1,745,771</td>
<td>1,654,281</td>
</tr>
<tr>
<td>Regular Reserve</td>
<td>27,151</td>
<td>27,151</td>
</tr>
<tr>
<td>Undivided Earnings</td>
<td>284,857</td>
<td>260,710</td>
</tr>
<tr>
<td><strong>Total Members’ Equity</strong></td>
<td>312,008</td>
<td>287,861</td>
</tr>
<tr>
<td><strong>Total Liabilities and Members’ Equity</strong></td>
<td>$2,057,779</td>
<td>$1,942,142</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
# Statements of Income

(In Thousands, US$) Years ended December 31

<table>
<thead>
<tr>
<th>Section</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and Fees on Loans to Members</td>
<td>$72,437</td>
<td>$61,782</td>
</tr>
<tr>
<td>Total Return from Trading Account Securities</td>
<td>3,831</td>
<td>1,735</td>
</tr>
<tr>
<td>Interest from Other Investments</td>
<td>9,486</td>
<td>4,229</td>
</tr>
<tr>
<td><strong>Total Interest Income</strong></td>
<td>85,754</td>
<td>67,746</td>
</tr>
<tr>
<td>Dividend Expense on Members’ Deposit Accounts</td>
<td>33,353</td>
<td>16,585</td>
</tr>
<tr>
<td><strong>Net Interest Income</strong></td>
<td>52,401</td>
<td>51,161</td>
</tr>
<tr>
<td>Provision for Loan Losses</td>
<td>366</td>
<td>624</td>
</tr>
<tr>
<td><strong>Net Interest Income after Provision for Loan Losses</strong></td>
<td>52,035</td>
<td>50,537</td>
</tr>
<tr>
<td><strong>Non-Interest Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign Exchange Commissions</td>
<td>705</td>
<td>582</td>
</tr>
<tr>
<td>Loan Servicing Fees (net of amortization of $982 and $1,092, respectively)</td>
<td>427</td>
<td>308</td>
</tr>
<tr>
<td>Gain on Sale of Mortgage Loans</td>
<td>716</td>
<td>1,244</td>
</tr>
<tr>
<td>Other Non-interest Income</td>
<td>1,869</td>
<td>1,862</td>
</tr>
<tr>
<td><strong>Total Non-interest Income</strong></td>
<td>3,717</td>
<td>3,996</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Employee Benefits</td>
<td>16,147</td>
<td>14,220</td>
</tr>
<tr>
<td>Office Operating Expenses</td>
<td>10,502</td>
<td>9,449</td>
</tr>
<tr>
<td>Office Occupancy Expenses</td>
<td>3,599</td>
<td>3,304</td>
</tr>
<tr>
<td>Trading Account Management Fees</td>
<td>279</td>
<td>343</td>
</tr>
<tr>
<td>Professional and Outside Services</td>
<td>1,078</td>
<td>1,010</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>31,605</td>
<td>28,326</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$24,147</td>
<td>$26,207</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
### STATEMENTS OF RESERVE AND UNDIVIDED EARNINGS

(In Thousands, US$) Years Ended December 31, 2005 and 2004

<table>
<thead>
<tr>
<th></th>
<th>Regular Reserve</th>
<th>Undivided Earnings</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at December 31, 2003</strong></td>
<td>$27,151</td>
<td>$234,503</td>
<td>$261,654</td>
</tr>
<tr>
<td>Net Income</td>
<td>—</td>
<td>26,207</td>
<td>26,207</td>
</tr>
<tr>
<td><strong>Balance at December 31, 2004</strong></td>
<td>27,151</td>
<td>260,710</td>
<td>287,861</td>
</tr>
<tr>
<td>Net Income</td>
<td>—</td>
<td>24,147</td>
<td>24,147</td>
</tr>
<tr>
<td><strong>Balance at December 31, 2005</strong></td>
<td>$27,151</td>
<td>$284,857</td>
<td>$312,008</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
## STATEMENTS OF CASH FLOWS

(In Thousands, US$) Years ended December 31

### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$24,147</td>
<td>$26,207</td>
</tr>
<tr>
<td>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>1,445</td>
<td>1,253</td>
</tr>
<tr>
<td>Provision for Loan Losses</td>
<td>366</td>
<td>624</td>
</tr>
<tr>
<td>Real Estate Loans Originated for Sale</td>
<td>-(77,478)</td>
<td>-(100,720)</td>
</tr>
<tr>
<td>Real Estate Loans Sold</td>
<td>78,904</td>
<td>100,670</td>
</tr>
<tr>
<td>Net Decrease (Increase) in Trading Account Securities</td>
<td>7,520</td>
<td>(12,722)</td>
</tr>
<tr>
<td>Changes in Other Liabilities and Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securities Purchased Not Yet Settled</td>
<td>-(11,387)</td>
<td>11,387</td>
</tr>
<tr>
<td>Dividends Payable</td>
<td>5,655</td>
<td>(390)</td>
</tr>
<tr>
<td>Accrued Interest Receivable</td>
<td>(436)</td>
<td>(1,263)</td>
</tr>
<tr>
<td>Other, Net</td>
<td>2,511</td>
<td>(1,941)</td>
</tr>
<tr>
<td>Net Cash Provided by Operating Activities</td>
<td>31,247</td>
<td>23,105</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Loan Principal Increase</td>
<td>-(151,247)</td>
<td>(185,690)</td>
</tr>
<tr>
<td>Net Decrease in Federal Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sold and Short-term Investments</td>
<td>30,894</td>
<td>51,364</td>
</tr>
<tr>
<td>Net Increase of U.S. Government Securities, Held-to-Maturity</td>
<td>(491)</td>
<td>(25,767)</td>
</tr>
<tr>
<td>Net Purchases of Furniture and Equipment</td>
<td>(2,748)</td>
<td>(1,247)</td>
</tr>
<tr>
<td>Net Cash Used in Investing Activities</td>
<td>(123,592)</td>
<td>(161,340)</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Increase in Members’ Deposit Accounts</td>
<td>93,748</td>
<td>135,720</td>
</tr>
<tr>
<td>Net Increase (Decrease) in Cash</td>
<td>1,403</td>
<td>(2,515)</td>
</tr>
<tr>
<td>Cash at Beginning of Year</td>
<td>4,088</td>
<td>6,603</td>
</tr>
<tr>
<td>Cash at End of Year</td>
<td>$5,491</td>
<td>$4,088</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
NOTE 1:
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bank-Fund Staff Federal Credit Union (“Credit Union”) offers personal financial services worldwide to the staffs, retirees, and families of The World Bank Group, the International Monetary Fund (“IMF”), and their related organizations. The Credit Union is located in Washington, DC, where The World Bank Group and IMF are headquartered. The Credit Union accepts members’ deposits, originates and services consumer and mortgage loans, and provides other member services. The Credit Union maintains its accounting records on an accrual basis and in accordance with generally accepted accounting principles, including the Accounting Manual for Federal Credit Unions. Pursuant to the Federal Credit Union Act, the Credit Union is exempt from payment of Federal income taxes. The significant accounting policies are:

LOANS TO MEMBERS—Loans to members are stated at the amount of unpaid principal, reduced by an allowance for loan losses. Interest on loans is accrued based on the amount of principal outstanding. It is the policy of the Credit Union to discontinue the accrual of interest on non-performing loans when circumstances indicate that collection of interest is doubtful;

LOANS SOLD TO SECONDARY MARKETS—The Credit Union will, from time to time, originate fixed-rate, first-trust real estate loans intended for non-recourse sale in the secondary market. There is no significant difference between the cost and market value of these loans. Commitments for such sales are obtained from secondary market investors to offset the interest rate commitment made to the member;

ALLOWANCE FOR LOAN LOSSES—Through provisions charged directly to operating expense, the Credit Union has established an allowance for loan losses. This allowance is reduced by actual loan losses and increased by subsequent recoveries, if any. It is the Credit Union’s policy that loans are generally charged-off if they are delinquent for twelve months or more unless three consecutive contract payments have been made. Loans are classified as delinquent if the full monthly contract payment amount has not been received by its due date.

The allowance for loan losses is maintained at a level believed adequate by management to absorb losses inherent in the loan portfolio. Management’s determination of the adequacy of the allowance is based on an evaluation of the portfolio, historical loan loss experience, current economic conditions, collateral values of properties securing loans, quality and composition of the loan portfolio and other relevant factors. Unfavorable changes in any of these, or other factors, or the availability of new information, could require that the allowance for loan losses be increased in future periods. No portion of the resulting allowance is restricted to any individual loan or group of loans. The entire allowance is available to absorb losses from any and all loans;

TRADING ACCOUNT SECURITIES—The trading account securities are invested in U.S. Government obligations, funds collateralized by U.S. Government obligations, Federal agency securities, and U.S. municipal securities. This account is carried at market value. Gains and losses on such securities, which are calculated on the specific identification method, are included in Total Return from Trading Account Securities;
SECURITIES HELD-TO-MATURITY—Management determines the appropriate classification of debt securities at the time of purchase and reevaluates such designation as of each balance sheet date. Debt securities are classified as held-to-maturity when the Credit Union has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are stated at amortized cost;

MORTGAGE SERVICING RIGHTS—The Credit Union recognizes originated mortgage servicing rights (MSRs) as assets at the date of transfer by allocating the previous carrying amount between the loan and the servicing rights based on their relative fair values. The fair value of MSRs is based on the current market price for similar products. Significant assumptions used to estimate fair value include future prepayment rates based on current interest-rate levels, other economic conditions and market forecasts, as well as relevant characteristics of the servicing portfolio, such as loan types, interest-rate stratification, delinquencies and recent prepayment experience. Mortgage servicing rights are amortized based on a method which approximates the ratio of net servicing income received in the current period to total net servicing income projected to be realized from the MSRs. MSRs are evaluated for impairment based on the excess of the carrying amount of the MSRs over their fair value. For purposes of measuring impairment, MSRs are stratified on the basis of loan type (fixed and adjustable rate) and term (15 and 30 years);

REGULAR RESERVE—The Regular Reserve is required by and maintained in accordance with the Federal Credit Union Act and is not available for payment of dividends;

CASH—Cash includes vault cash and demand balances from other financial institutions. The carrying amount reported approximates fair value;

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Current estimates may differ from the final results; and

RECLASSIFICATIONS—Certain amounts in the 2004 financial statements have been reclassified to conform to the 2005 presentation.
NOTE 2: 
**LOANS TO MEMBERS** (In Thousands, US$)

The loan portfolio as of December 31 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONSUMER</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Variable:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured</td>
<td>$8,924</td>
<td>$12,843</td>
</tr>
<tr>
<td>Unsecured</td>
<td>43,473</td>
<td>48,214</td>
</tr>
<tr>
<td></td>
<td>52,397</td>
<td>61,057</td>
</tr>
<tr>
<td>Fixed:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured</td>
<td>50,682</td>
<td>39,793</td>
</tr>
<tr>
<td>Unsecured</td>
<td>47,737</td>
<td>38,285</td>
</tr>
<tr>
<td></td>
<td>98,419</td>
<td>78,078</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>150,816</td>
<td>139,135</td>
</tr>
<tr>
<td><strong>REAL ESTATE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustable</td>
<td>989,601</td>
<td>881,142</td>
</tr>
<tr>
<td>Fixed</td>
<td>370,628</td>
<td>340,378</td>
</tr>
<tr>
<td></td>
<td>1,360,229</td>
<td>1,221,520</td>
</tr>
<tr>
<td>Real Estate Loans Held for Sale</td>
<td>2,946</td>
<td>4,372</td>
</tr>
<tr>
<td>Gross Loans</td>
<td>1,513,991</td>
<td>1,365,027</td>
</tr>
<tr>
<td>Less: Allowance for Loan Losses</td>
<td>(4,514)</td>
<td>(5,005)</td>
</tr>
<tr>
<td><strong>Net Loans</strong></td>
<td>$1,509,477</td>
<td>$1,360,022</td>
</tr>
</tbody>
</table>

Changes in the Allowance for Loan Losses for the years ended December 31 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at Beginning of Year</td>
<td>$5,005</td>
<td>$5,245</td>
</tr>
<tr>
<td>Provision Charged to Expense</td>
<td>366</td>
<td>624</td>
</tr>
<tr>
<td>Loan Charge-offs</td>
<td>(1,227)</td>
<td>(1,167)</td>
</tr>
<tr>
<td>Loan Recoveries</td>
<td>370</td>
<td>303</td>
</tr>
<tr>
<td><strong>Balance at End of Year</strong></td>
<td>$4,514</td>
<td>$5,005</td>
</tr>
</tbody>
</table>

The Credit Union is party to financial instruments with off-balance-sheet risk extended in the normal course of business to meet the financing needs of its members. These financial instruments consist of commitments to extend loans against approved lines of credit as long as there is no violation of any significant condition established in the contract. Commitments are made on both an open-ended and closed-ended basis. The open-ended loans are generally self-replenishing as long as payments are made. The closed-ended loans have fixed terms and are collateralized by real estate.

The Credit Union offers interest-bearing checking accounts, credit cards and home equity loans to its members. In conjunction with those services, the Credit Union has approved lines of credit, generally at variable interest rates, to members totaling $704,281,000 and $608,589,000 as of December 31, 2005 and 2004, respectively. As of those respective dates, $225,181,000 and
$193,089,000 were outstanding under these lines of credit. The Credit Union does not expect the full amount of the commitments for lines of credit to be drawn upon.

All variable-rate consumer loans are subject to being repriced within one year. The majority of all adjustable-rate real estate loans are subject to being repriced within three years. The majority of the real estate loans are collateralized by residential property located in the Washington, DC metropolitan area.

The aggregate amount of loans on which the accrual of interest has been discontinued was insignificant as of December 31, 2005 and 2004.

NOTE 3:
CASH ACCOUNTS

The Credit Union is required by Federal regulation to maintain a non-interest-bearing account with the Federal Reserve Bank. Balances maintained with the Federal Reserve Bank totaled $563,042 and $354,206 as of December 31, 2005 and 2004, respectively.

NOTE 4:
INVESTMENT SECURITIES

Total return from the trading account securities consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>$4,890</td>
<td>$3,200</td>
</tr>
<tr>
<td>Gain on trading account securities</td>
<td>269</td>
<td>623</td>
</tr>
<tr>
<td>Loss on trading account securities</td>
<td>(1,328)</td>
<td>(2,088)</td>
</tr>
<tr>
<td></td>
<td>$3,831</td>
<td>$1,735</td>
</tr>
</tbody>
</table>

The U.S. Government Securities, Held-to-Maturity portfolio consists of Treasury Inflation Protected Securities (TIPS) due January 15, 2009. These securities are carried at amortized cost and had a market value of $25,536,000 and $26,092,000 as of December 31, 2005 and 2004, respectively. As of these dates these securities had a gross unrealized market loss of $722,000 and a gross unrealized market gain of $325,000.

At December 31, 2005 and 2004, no securities were pledged as collateral.
NOTE 5:
OTHER ASSETS

The National Credit Union Administration ("NCUA") requires each Federally insured credit union to place on deposit with the National Credit Union Share Insurance Fund ("NCUSIF") an amount equal to 1% of the total insured deposits. As a result of this investment, which is included in Other Assets, the annual premium for deposit insurance was waived by the NCUA. The Credit Union is a member of the NCUA Central Liquidity Facility ("Facility"), which was formed to assist member credit unions in meeting their short-term liquidity needs. Membership is obtained through investment in shares of the Facility as determined by a statutory formula. As of December 31, 2005, the Credit Union had not borrowed from this Facility.

The composition of Other Assets as of December 31 was as follows:

<table>
<thead>
<tr>
<th>(In Thousands, US$)</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>NCUSIF Deposit</td>
<td>$11,177</td>
<td>$10,773</td>
</tr>
<tr>
<td>Facility Shares</td>
<td>4,535</td>
<td>4,062</td>
</tr>
<tr>
<td>Furniture and Equipment, Net of Accumulated Depreciation</td>
<td>3,866</td>
<td>2,563</td>
</tr>
<tr>
<td>Other</td>
<td>6,215</td>
<td>6,129</td>
</tr>
<tr>
<td></td>
<td>$25,793</td>
<td>$23,527</td>
</tr>
<tr>
<td>Depreciation and Amortization Expense</td>
<td>$1,445</td>
<td>$1,253</td>
</tr>
</tbody>
</table>
### NOTE 6: MEMBERS’ DEPOSIT ACCOUNTS

The composition of Members’ Deposit Accounts as of December 31 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Weighted Average Rate at December 31, 2005</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checking</td>
<td>0.15%</td>
<td>$373,800</td>
<td>$375,938</td>
</tr>
<tr>
<td>Money Management</td>
<td>2.30%</td>
<td>672,216</td>
<td>646,540</td>
</tr>
<tr>
<td>Quarterly</td>
<td>0.25%</td>
<td>241,741</td>
<td>258,717</td>
</tr>
<tr>
<td>Term Share (91-day)</td>
<td>2.42%</td>
<td>10,454</td>
<td>9,726</td>
</tr>
<tr>
<td>Term Share (6-month)</td>
<td>2.75%</td>
<td>46,118</td>
<td>46,467</td>
</tr>
<tr>
<td>Jumbo Term Share (28 to 91 days, 6-, 12-, and 18-month)</td>
<td>3.38%</td>
<td>205,116</td>
<td>162,928</td>
</tr>
<tr>
<td>Term-Share (12-, 24-, 30-, 36-, and 60-month)</td>
<td>3.00%</td>
<td>169,567</td>
<td>124,927</td>
</tr>
<tr>
<td>IRA (12- and 30-month)</td>
<td>2.68%</td>
<td>8,858</td>
<td>8,879</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,727,870</strong></td>
<td><strong>$1,634,122</strong></td>
<td><strong>$1,634,122</strong></td>
</tr>
</tbody>
</table>

The aggregate amounts of members’ share and term share accounts over $100,000 were $572,493,000 and $511,921,000 at December 31, 2005 and 2004, respectively.
NOTE 7:
EMPLOYEE BENEFIT PLANS

The Credit Union’s defined contribution employee benefit pension plan covers all full-time employees with one or more years of service and is fully funded on a current basis. Employer contribution amounts are based on a percentage of an employee’s salary depending upon the employee’s number of years of employment. Participants may contribute, at their option, an amount not to exceed $18,000. Participants vest in employer contributions based on their total years of vesting service and are fully vested after five years. Participants are at all times fully vested in their own contributions. Pension expense was $1,108,635 in 2005 and $1,000,954 in 2004.

Beginning July 1, 2005, the Credit Union established a defined-benefit health care plan that provides postretirement medical benefits to full-time staff that have a combination of age and years of service of at least 75 with a minimum of 15 years of service with the Credit Union. The plan is contributory, with retiree contributions subject to adjustment annually, and it contains other cost-sharing features such as deductibles and coinsurance. The benefit obligation and plan asset activity, as well as the components of the periodic benefit cost, are summarized as follows:

(In Thousands, US$)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHANGE IN BENEFIT OBLIGATION:</td>
<td></td>
</tr>
<tr>
<td>Balance at July 1, 2005</td>
<td>$0</td>
</tr>
<tr>
<td>Service cost</td>
<td>192</td>
</tr>
<tr>
<td>Interest cost</td>
<td>103</td>
</tr>
<tr>
<td>Contributions by plan participants</td>
<td>1</td>
</tr>
<tr>
<td>Plan amendments</td>
<td>3,424</td>
</tr>
<tr>
<td>Actuarial loss</td>
<td>725</td>
</tr>
<tr>
<td>Benefit payments</td>
<td>(2)</td>
</tr>
<tr>
<td>Balance at December 31, 2005</td>
<td>$4,443</td>
</tr>
<tr>
<td>Unfunded status at December 31, 2005</td>
<td>($4,443)</td>
</tr>
<tr>
<td>Unrecognized prior service cost</td>
<td>3,300</td>
</tr>
<tr>
<td>Unrecognized loss</td>
<td>725</td>
</tr>
</tbody>
</table>

ACCRUED POSTRETIRED BENEFIT COSTS  ($418)

YEAR ENDED DECEMBER 31, 2005:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service cost</td>
<td>$192</td>
</tr>
<tr>
<td>Interest cost</td>
<td>103</td>
</tr>
<tr>
<td>Unrecognized prior service cost</td>
<td>125</td>
</tr>
<tr>
<td>Net periodic benefit cost</td>
<td>$420</td>
</tr>
</tbody>
</table>
The discount rate used in determining the accumulated postretirement benefit was 5.75%. The average assumed rate of increase in the per capita cost of covered benefits (i.e., health care cost-trend rate) is 9.75% for 2006 and the ultimate cost-trend by 2011 and later years is estimated to be 5.50%. The following table represents the effect of a one-percent change in the assumed health care cost-trend rate:

<table>
<thead>
<tr>
<th>ONE-PERCENT INCREASE</th>
<th>ONE-PERCENT DECREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective on benefit obligation</td>
<td>$1,364</td>
</tr>
<tr>
<td>Effective on service and interest cost assumptions</td>
<td>$105</td>
</tr>
</tbody>
</table>

**NOTE 8: RELATED-PARTY TRANSACTIONS**

Loans to Credit Union employees are made at preferred interest rates, but with all other terms and collateral requirements comparable to those required of other members. The aggregate amount of these loans, as reflected in the Statements of Financial Condition, was approximately $17,375,000 and $13,592,000 as of December 31, 2005 and 2004, respectively.

Loans to Directors and Committee Members, as reflected in the Statements of Financial Condition, made on the same terms and conditions as loans made to other members, amounted to $6,496,000 and $5,083,000 as of December 31, 2005 and 2004, respectively.

The World Bank charged the Credit Union $924,000 and $1,053,000 for office space in 2005 and 2004, respectively.

**NOTE 9: COMMITMENTS**

As of December 31, 2005, the Credit Union had commitments outstanding to sell real-estate mortgage loans totaling $2,946,000.

As of December 31, 2005, the Credit Union was obligated under non-cancelable operating leases for office space. Certain leases contain escalation clauses providing for increased rentals based primarily on increases in operating expenses and the consumer price index. Rent expense under operating leases included in office occupancy expense was $2,140,852 and $2,028,904 for the years ended December 31, 2005 and 2004, respectively.

The required minimum rental payments under the terms of the leases at December 31, 2005 were as follows:

<table>
<thead>
<tr>
<th>YEARS ENDING</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>(In Thousands, US$)</td>
<td></td>
</tr>
<tr>
<td>DECEMBER 31</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>$1,933</td>
</tr>
<tr>
<td>2007</td>
<td>1,829</td>
</tr>
<tr>
<td>2008</td>
<td>1,866</td>
</tr>
<tr>
<td>2009</td>
<td>1,020</td>
</tr>
<tr>
<td>2010</td>
<td>1,028</td>
</tr>
<tr>
<td>Thereafter</td>
<td>2,610</td>
</tr>
<tr>
<td></td>
<td>$10,286</td>
</tr>
</tbody>
</table>
NOTE 10:  
MORTGAGE SERVICING PORTFOLIO

Mortgage loans serviced for others are not included in the accompanying Statements of Financial Condition. As of December 31, the unpaid principal balances of these loans consisted of the following:

(In Thousands, US$) 2005 2004

Mortgage Loan Portfolios Serviced for:

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fannie Mae</td>
<td>$463,889</td>
<td>$469,513</td>
</tr>
<tr>
<td>Charlie MAC</td>
<td>57,660</td>
<td>33,068</td>
</tr>
<tr>
<td>Residential Funding Corporation</td>
<td>49,275</td>
<td>58,635</td>
</tr>
<tr>
<td></td>
<td><strong>$570,824</strong></td>
<td><strong>$561,216</strong></td>
</tr>
</tbody>
</table>

NOTE 11:  
MORTGAGE SERVICING RIGHTS

The components of capitalized mortgage servicing rights as of December 31 were as follows:

(In Thousands, US$) 2005 2004

MORTGAGE SERVICING RIGHTS

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, Beginning of Year</td>
<td>$3,534</td>
<td>$3,712</td>
</tr>
<tr>
<td>Additions</td>
<td>772</td>
<td>914</td>
</tr>
<tr>
<td>Amortization</td>
<td>(983)</td>
<td>(1,092)</td>
</tr>
<tr>
<td>Balance, End of Year</td>
<td>3,323</td>
<td>3,534</td>
</tr>
</tbody>
</table>

RESERVE FOR IMPAIRMENT OF MORTGAGE SERVICING RIGHTS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>(161)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, Beginning of Year</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Reductions</td>
<td>—</td>
<td>161</td>
</tr>
<tr>
<td>Balance, End of Year</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net Book Value</td>
<td>$3,323</td>
<td>$3,534</td>
</tr>
</tbody>
</table>

The estimated fair value of the Credit Union’s mortgage servicing rights was $6,102,000 and $5,050,000, as of December 31, 2005 and 2004, respectively. Fair value is determined by discounting estimated net future cash flows from mortgage servicing activities using discount rates that approximate current market rates and estimated prepayment rates.
NOTE 12: FAIR VALUE OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards No. 107, “Disclosures about Fair Value of Financial Instruments” (SFAS 107), as amended, requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value.

The following methods and assumptions were used by the Credit Union in estimating its fair value disclosures for financial instruments.

TRADING ACCOUNT SECURITIES—Fair values for the Credit Union’s trading account securities, which also are the amounts recognized in the Statements of Financial Condition, are based on quoted market prices.

U.S. GOVERNMENT SECURITIES HELD-TO-MATURITY—The fair value of these securities is based on quoted market prices.

LOANS TO MEMBERS—The fair value of loans to members is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

MEMBERS’ DEPOSIT ACCOUNTS—The fair value of members’ deposits is estimated by discounting the future cash flows using the current rates offered for deposits of similar remaining maturities.

Many of the Credit Union’s assets and liabilities are short-term financial instruments whose carrying amounts reported in the Statements of Financial Condition approximate fair value. These items include cash, Federal funds sold, and the financial instruments included in Other Assets. The estimated fair values of the Credit Union’s remaining financial instruments as of December 31 are summarized on the next page:
### FINANCIAL ASSETS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans, Net of Allowance for Loan Losses</td>
<td>$1,509,477</td>
<td>$1,480,539</td>
<td>$1,360,022</td>
<td>$1,346,985</td>
</tr>
<tr>
<td>Trading Account Securities</td>
<td>165,586</td>
<td>165,586</td>
<td>173,106</td>
<td>173,106</td>
</tr>
<tr>
<td>U.S. Government Securities, Held-to-Maturity</td>
<td>26,258</td>
<td>25,536</td>
<td>25,767</td>
<td>26,092</td>
</tr>
</tbody>
</table>

### FINANCIAL LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2005</th>
<th>2004</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members’ Deposit Accounts</td>
<td>1,727,870</td>
<td>1,684,368</td>
<td>1,634,122</td>
<td>1,604,120</td>
</tr>
<tr>
<td>Securities Purchased Not Yet Settled</td>
<td>—</td>
<td>—</td>
<td>11,387</td>
<td>11,395</td>
</tr>
</tbody>
</table>

SFAS 107, as amended, excludes certain financial instruments and all non-financial instruments from its disclosure requirements. The disclosures also do not include certain intangible assets such as member relationships, deposit base intangibles and goodwill. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Credit Union.

The Credit Union had certain forward delivery contracts, which were designated as fair value hedges of loans held for sale. The net unrealized loss in value of these contracts was approximately $15,412 at December 31, 2005, and $12,250 at December 31, 2004, which approximated the net unrealized gains in value of the related hedged items.

At December 31, 2005 and 2004, the Credit Union had commitments to make fixed-rate mortgages (Interest Rate Locks or IRLs) with notional amounts of approximately $2,694,500 and $4,521,300, respectively. Additionally, the Credit Union had similar amounts in forward delivery contracts related to the IRLs. The net unrealized gain related to these forward delivery contracts was approximately $8,476 at December 31, 2005 ($750 net unrealized loss at December 31, 2004), which approximated the net unrealized loss or gain in the value of IRLs.
NOTE 13:
REGULATORY CAPITAL REQUIREMENTS

The NCUA has established minimum net worth levels for all federally-insured credit unions and because the Credit Union’s ratio of Reserve and Undivided Earnings to Total Assets exceeds NCUA’s standard, it is considered “Well Capitalized” by the NCUA.

The Credit Union is not classified as “complex” by the NCUA. The Credit Union’s actual risk-based net worth requirements as of December 31 were as follows.

(In Thousands, US$) 2005 2004
Required Risk-Based Ratio 5.22% 5.09%
Required Risk-Based Capital $107,419 $98,275
DEPOSIT ACCOUNTS
- Checking
- Individual Retirement Accounts (IRAs)
- Jumbo Term Shares
- Money Management
- Quarterly Savings
- 91-day Term Share
- 6-month Term Share
- Step-Up Term Shares (36- and 60-month)
- Term Shares (12-, 24-, 30-, 36-, and 60-month)
- WealthBuilder

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

REAL ESTATE LOANS
- First Mortgage
- Home Equity Loan
- Home Equity Line of Credit
- Homeowner’s Loan
- Nationwide Lending (through Lincoln Service Mortgage)
- Investment Properties
- Second Homes & Vacation Homes

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
- Home-Buying and Car-Buying Seminars
- First Mortgage Application Kit
- Home Equity Application Kit
- Kelley Blue Book
- Member Services Guide
- MVCP Car Price Protection Service
- Newsletter (FOCUS)
- Rates Line
- Service Brochures

INTERNET SERVICES (bfsfcu.org)
- Information
- Rates
- HomeValueBot
- Online Banking
- Quicken/MS Money
- Online Billpayer
- Online Mortgage Application
- e-Statements
- e-Alerts
- 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$ Networks)
- Star
- MasterCard/Cirrus
- Bank-by-Mail
- Card Laminating
- Cash Advances
- Cashiers Checks
- Certified Checks
- Credit Cards:
  - Visa Gold, Visa Platinum,
  - Travel 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
- Wire Transfers

INSURANCE PRODUCTS
- Credit Life
- Credit Disability Insurance
- Payment-Protection Products on:
  - Home Equity
  - Consumer Loans
  - Credit Cards
  - GAP (Guaranteed Asset Protection) for Vehicle Loans
  - MRC (Mechanical Repair Coverage) for Vehicles
Richard J. Osius, Managing Director and Chief Executive Officer through August 15, 2005
George W. West, Interim Managing Director and Chief Executive Officer through March 14, 2006
Stephen D. Breed, Managing Director and Chief Executive Officer

CONTROLLER’S DEPARTMENT
John J. Dean, Controller
Nora Z. Barringer

ACCOUNTING
John C. Voden, Assistant Controller
Francis Anthony
Ana C. Gonzalez
Vinay K. Gupta
Hamid Shaffi

INTERNAL AUDITING
James F. Rogers

ADMINISTRATION
Loan T. Nguyen

LENDING SERVICES DEPARTMENT
Stephen D. Breed, Director
Tracey L. Hammond
Basil B. Parlett
Nita K. Patel

CONSUMER LENDING
Peter D. Grimm, Manager
Pamela B. DeNunzio
Terrye A. Jenkins
Juan A. Nebra
Phillip G. Ollapally
Heidi A. Vels-Meijer

Consumer Loan Operations
V. Jamie Dineen, Supervisor
Timothy A. Bannister
Katherine Burton
Denise M. Kubovic
Stephen O’Humay
Francesca Smith
Nyekisha L. Toogood
Elizabeth Wen

Home Equity Operations
Guadalupe Ruales-Juraszek, Supervisor
Mohammad Aslam
Cecil W. Lawson
Ben M. Ogoola
Luz N. Prada
Thipdesa Vongvay

Card Services
Liang Han, Supervisor
Valentina Alauoi
Carolyn F. Dodson
Anca Chitic-Patapievici
Anna Onisick
Mohamed A. Osman
Madogal S. Tall
Milagros A. Wojtaszek

MORTGAGE LENDING
Janet G. Corrigan, Manager

Mortgage Loan Online Originations
Candy O. Akinoyede, Supervisor
Michelle Paterson
Lynn W. Seyler

Mortgage Loan Originations
Daniel J. Rogan, Supervisor
Nicole L. Ayala
Laura J. Bello
Katherine M. Brock
Carmen Cintron-Lopez
Albana R. Collaku
Joyce M. Crawford
Addy J. Day
Samuel A. Gabbidon
Tamara S. Hamdokh
Michelle D. Huff
Patricia Hwang
Irina Kalinkina
Carolyn J. Lancaster*
Shirley E. McDonald
Kevin A. O’Brien
Elizabeth J. Pedersen
Dorian M. Soil
Monique R. Sutton
Heather S.H. Woolls*

Mortgage Loan Operations
Holly J. Banfi, Supervisor
Jennifer A. Ciccarelli
Nikoleta Crouch
Mehari G. Dagne
Malgorzata K. Gornas-Dudley
Ferozan Hashimi
D. Scott Poston
Allison L. Rabin

Mortgage Loan Settlements
Christine J. Gatton-Austin, Supervisor
Ruth Calvimontes-Groz
Normita M. Cardoza
John P. Dermanis
F. Eric Meekins
Sereke-Berhan Meres
Vaida Stropute
Amy D. Wiggins

MORTGAGE SERVICING
Jeffrey T. Coyne, Manager
Shannon K. Bumbrey
Rosalita I. Gonzalez
Patience L. Harvey
Erika V. Parra
Darling L. Paumen
Janakie N. Ranasoma
Melaida C. Salang
Editra Sani
Ahtisham Sunny
Miriam A. Toriello
Gladys Hope P. Vasquez
Virginia Y. Yabar
Stephen L. White

QUALITY ASSURANCE AND SECONDARY MARKET OPERATIONS
Nizar K. Hashlamon, Manager

Quality Assurance
Meagan L. Donahue, Supervisor
Warren J. Corson
Eric B. Jameson

COLLECTIONS
Ronald E. Shelton, Manager
Glenda R. Acor
Jason T. Preston

NEW BUSINESS DEVELOPMENT
Stephanie G. Day, Manager
Matthew J. Nicoletta

ADMINISTRATION
Carly A. Hallstead

MANAGING DIRECTOR’S OFFICE
HUMAN RESOURCES
Louise Meng, Human Resources Director
Nadia A. Monroe
Sonia I. Ordenes-White

Security
Carla M. Besosa
Nathan R. Cox*
Mary E. Thibeault
Gloria L. Tressler

SECONDARY MARKET OPERATIONS
Marie A. Alexander, Supervisor
Michael A. Spite
Jadranka Stevic
Peter A. Wagner

Loan Systems Administration
James W. Knowlton, Manager
David A. Wybenga

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ADMINISTRATION
Phyllis A. Acquah

MEMBER RELATIONS AND MARKETING DEPARTMENT
Mary Lee Kingsley, Director

MEMBER SERVICES
T.J. Holland, Manager
Birama Dieng
Rodney L. Goffigan
Dawn M. Goldthorpe
Jeanette Mouyin
Mario Herranz-Pons
Deokie Ramoutar
Sainabou Sosseh

Member Services Representatives
Jason P. Williams, Supervisor
Allison S. An-Rhim
Adje Wilson-Bahun
Almaz Tewolde Berhan
Stephanie N. Bisssesur
Tiffany M. Clark
Brenda Tejada Delz
Yvette Faulk
Sebastián V. Fuentes
Andréé L. Hastoy
Lorina B. Kelley
Lisa M. Lussier
Cathy K. Vu
Aissata S. Wane
S. Ethan Zandieh

Telephone Services Representatives
Timothy Croissette, Supervisor
Werner J. de Merode
Arthur H. Drenth

Artur Kokoneshi
Paweł Krol
Irfan A. Mirza
Mercy Niwe
Tahir Suhail
Thien V. Tran
N. Ernest Tuma
Alvaro J. Via
Marian A. Zapata*

Member Correspondence Representatives
Ahmed S. Farag, Supervisor
Lisa J. Buckmaster
Deborah Campos
Jason A. Forrest
Jose M. Gonzalez
Yanet Hoyos
Devlin L. Mack
Jennifer N. Murray
Manjit Singh
Christopher N. Street
Bethlehem Tsegai
Ehiam Vakili-Ghomi
Kevin J. Williamson

MARKETING
Jonathan L. Bartlett
Alexandra B. Rokita

OPERATIONS DEPARTMENT
Joan R. Dombroski, Director

Cynthia S. Ryan

BRANCH SERVICES
Celina B. Samuel, Manager
Rahel Asfaw
S. James Chong

Veronika Oriova
Maria Pia Garcia
Jin D. Kang
Blanche E. Sharpe
W. Pascal van der Pijl
Paul B. Whitson

Shahid Hussain, Manager
Bernardo Costa
Sarah T. Crouch
Erdydas Dalil
Guvenson Francois
Dari Munkhzul
Rima Orleans-Lindsay
Shai Steinberg
Nawal A. Wasem

ACCOUNT SERVICES
Ilene V. Barclay, Manager
Myriam M. Beidari
Teresa M. Evangelista
Colette A. Gardner
Richard S. Navgilia

Iryna Sivinska, Supervisor
Steve S. Agarwal
Samuel A. Alcantara
Daniela B. Brevis
Martha L. Dilworth
Fardows Ali
Jessica Forms
Paul-Henri Guetat
Jana Hunt
J. Spencer Leitzel
Athalia C. A. Lyons
Natalie A. Reid
Larisa Strijicova
Mariam Toure

ADMINISTRATION
Anet Kovac

SYSTEMS DEPARTMENT
Timothy W. Elmore, Director

EFT SERVICES
Steven F. Pauling, Manager
Michael H. Bunch
Sean C. Caron
Harold J. Dittinger
Timothy B. Forbes
M. Andrew Hart
Elizabeth W. Hill
Bijan M. Khoshnoood
Isadore J. Lewis

INFORMATION TECHNOLOGY
Jesse M. Boyer, Manager
Richard H. Anderson
Mizan Embaye
Victor Galbis-Reig
Cesar D. Pocai
John L. Robinson
Doru Zuba

Database Administration
Christopher E. Newell, Supervisor
Kevin F. Burke
Wasiq Khan
Sam S. Lee
Andrew J. Lombardi
Alexander Sharayera

SPECIAL PROJECTS
Linda M. Lee

* Part-time
Departures