

NATIONAL CREDIT UNION SHARE INSURANCE FUND

Your savings federally insured to \$100,000

NCUA

*National Credit Union Administration
a U.S. Government Agency*

FINANCIAL HIGHLIGHTS AUGUST 31, 2003

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS
August 31, 2003

Balance Sheet:

Interest Receivable — net decrease of \$26.5 million is due to a combination of \$20.0 million in accrued interest earned and payments of \$46.4 million received by the NCUSIF in August.

Prepaid & Deferred Charges — is \$1.2 million for August. \$7.5 million was transferred to the operating fund to cover 62% of the agency's operating costs. August's actual operating costs were \$6.3 million.

Other Assets — represents balance due to the NCUSIF from monies loaned to NCUA for purchase of the King Street building.

Provision for Credit Union Losses (Reserves) — of \$66.0 million includes new reserves of \$4.1 million that were added for August.

NCUSIF Equity — is 1.22% for August, based upon an insured share base of \$475 billion for June 30, 2003.

Statement of Revenue and Expense:

NCUSIF Total Operating Expense — of \$6.5 million includes \$172.5 thousand in direct expenses paid by the NCUSIF for state examiner training, leasing expense for state examiner laptop computers, and other insurance related items.

Insurance Loss — is \$4.1 million for August. \$1.5 million is an increase to the National Pool Reserve and \$2.6 million is for new reserves or reserve increases for specific problem credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
AUGUST 31, 2003

ASSETS	AUGUST 2002	JULY 2003	AUGUST 2003
Investments:			
U.S. Government Securities	\$5,289,493,577.32	\$5,749,620,966.23	\$5,787,972,354.84
Advances to Credit Unions:			
Capital Notes (NCUSIF Subordinated Notes)	0.00	0.00	0.00
Share Deposits	0.00	0.00	0.00
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Total Advances to Credit Unions	0.00	0.00	0.00
Other Receivables:			
Due from Credit Unions	35,540.50	5,605,534.46	89,013.90
Loans due to NCUSIF	0.00	1,711,419.24	1,711,419.24
Recoveries from Liq. CU	12,234,102.76	13,361,487.88	12,959,010.59
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Total Other Receivables	12,269,643.26	20,678,441.58	14,759,443.73
Cash	6,169.26	5,049.53	5,297.25
Interest Receivable	64,067,950.62	73,223,246.01	46,770,549.49
Prepaid & Deferred Charges	800,648.01	1,227,629.33	1,208,124.76
Leased Assets	349,497.66	1,025,414.30	990,868.00
Other	29,565,041.24	27,058,921.31	26,930,495.53
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TOTAL ASSETS	\$5,396,552,527.37	\$5,872,839,668.29	\$5,878,637,133.60
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LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$5,531,690.88	\$8,539,525.61	\$8,452,741.50
Other	35,819.00	985.08	2,399.28
Check Clearing Accounts	885.40	2,197.56	1,297.40
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	5,568,395.28	8,542,708.25	8,456,438.18
Provision for CU Losses (Reserves)	44,806,724.85	61,455,209.50	65,979,026.13
Lease Liabilities	324,113.96	1,034,946.24	1,036,492.93
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TOTAL LIABILITIES	50,699,234.09	\$71,032,863.99	\$75,471,957.24 1/
EQUITY			
CU Contributed Capital	4,036,194,707.44	\$4,430,684,440.02	\$4,430,773,203.93
Retained Earnings	1,309,658,585.84	1,371,122,364.28	1,372,391,972.43
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TOTAL EQUITY	5,345,853,293.28	\$5,801,806,804.30	\$5,803,165,176.36
TOTAL LIABILITIES & EQUITY	\$5,396,552,527.37	\$5,872,839,668.29	\$5,878,637,133.60
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending August 31, 2003

	AUG 02	JUL 03	AUG 03
	1. Investments/Total Assets	98.02%	97.90%
	2. Total Equity/Insured Shares	1.23%	1.22%
	3. Prov. for Losses/CU Capital	1.11%	1.39%
	4. Non-Earning/Total Assets	1.44%	1.64%
	5. Available Asset Ratio	1.23%	1.21%
1/ Does not include unreserved contingent liabilities of \$0 in asset guarantees, and \$0 in outstanding line of credit guarantees.			

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING AUGUST 31, 2003

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	FY TO DATE 2003	FY TO DATE BUDGETED 2003	FY TO DATE 2002
Investment Income	\$11,734,603.24	\$14,100,000.00	\$108,385,024.10	\$115,400,000.00	\$146,051,651.64
Other Income	52,426.61	75,000.00	583,227.17	615,000.00	864,553.29
Total Income	11,787,029.85	14,175,000.00	108,968,251.27	116,015,000.00	146,916,204.93
EXPENSE					
Employee Pay	4,102,841.45	4,438,826.76	\$34,813,560.21	36,548,865.43	35,473,968.86
Employee Benefits	991,544.23	1,093,013.61	\$8,250,718.40	8,986,197.94	8,252,934.33
Employee Travel	539,527.07	660,211.54	\$3,947,440.04	5,281,692.36	4,056,607.36
Rent/Communications/Utilities	155,146.89	227,221.49	\$1,592,216.72	1,817,771.92	1,498,736.30
Administrative Costs	309,337.76	587,928.34	\$3,288,126.14	4,703,426.74	3,474,281.69
Contracted Services	193,477.84	350,523.95	\$1,635,513.04	2,804,191.57	1,772,116.18
Subtotal NCUA Operating Exp.	6,291,875.24	7,357,725.69	53,527,574.55	60,142,145.96	54,528,644.72
AMAC Expense	422.00	1,250.00	26,917.78	10,000.00	5,069.61
Training Expense	119,061.18	100,000.00	884,890.13	800,000.00	777,650.94
Leasing Expense	36,092.99	49,400.00	410,004.00	395,200.00	419,591.68
Other Insurance Expense	16,970.29	17,500.00	135,556.18	140,000.00	140,256.30
Total Operating Exp.	6,464,421.70	7,525,875.69	54,984,942.64	61,487,345.96	55,871,213.25
Insurance Loss	4,053,000.00	2,000,000.00	21,518,468.73	16,000,000.00	4,715,060.00
Total Expense	10,517,421.70	9,525,875.69	76,503,411.37	77,487,345.96	60,586,273.25
NET INCOME	\$1,269,608.15	\$4,649,124.31	\$32,464,839.90	\$38,527,654.04	\$86,329,931.68
Retained Earnings, Beginning of Year			\$1,339,927,132.53		\$1,223,328,654.16
Prior Year Adjustment			0.00		0.00
As Restated			1,339,927,132.53		1,223,328,654.16
Net Income			32,464,839.90		86,329,931.68
Dividends			1,372,391,972.43		1,309,658,585.84
Retained Earnings, End of Year			\$1,372,391,972.43		\$1,309,658,585.84

Comparative Analysis of NCUSIF Ratios for August 31, 2003

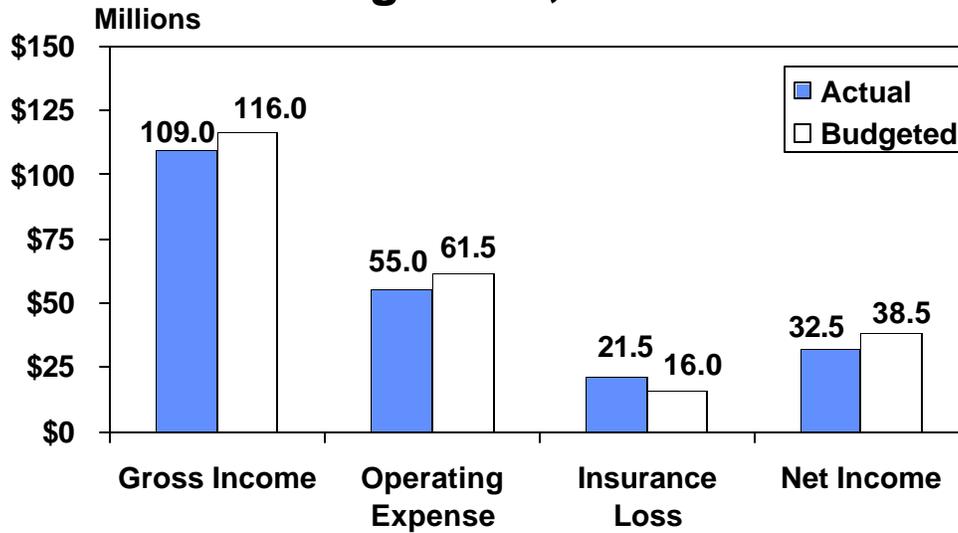
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR FYTD	CURRENT FYTD
1. Oper. Exp./Total Income	55.48%	54.84%	38.03%	50.46%
2. Ins. Loss/Total Income	26.84%	34.39%	3.21%	19.75%
3. Total Exp./Total Income	82.32%	89.23%	41.24%	70.21%
4. Net Income/Total Income	17.68%	10.77%	58.76%	29.79%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.00%

TABLE 3 - STATEMENT OF CASH FLOWS
August 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$130,787,321.33
Other income received	(1,128,192.07)
Cash paid for operating expenses	(77,970,310.46)
Net cash (paid) received for insurance losses	<u>23,118,559.43</u>
Net cash provided by operating activities	74,807,378.23
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(244,125,679.91)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>2,102,190.09</u>
Net cash provided by (used in) investing activities	(242,023,489.82)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	167,215,601.49
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	167,215,601.49
NET INCREASE (DECREASE) IN CASH	(510.10)
CASH, BEGINNING OF YEAR	5,807.35
CASH, ENDING August 31, 2003	<u><u>\$5,297.25</u></u>

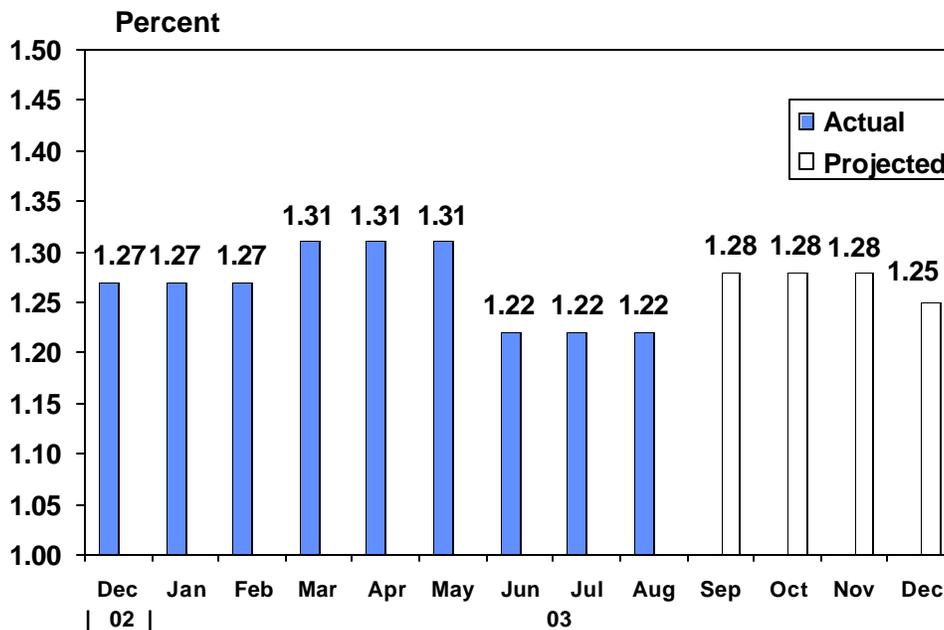
REVENUE AND EXPENSE

August 31, 2003



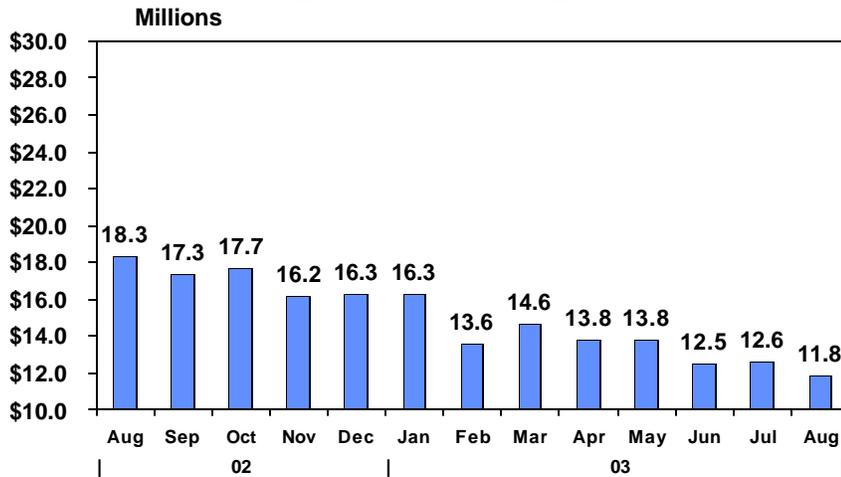
NCUSIF EQUITY RATIO

August 31, 2003



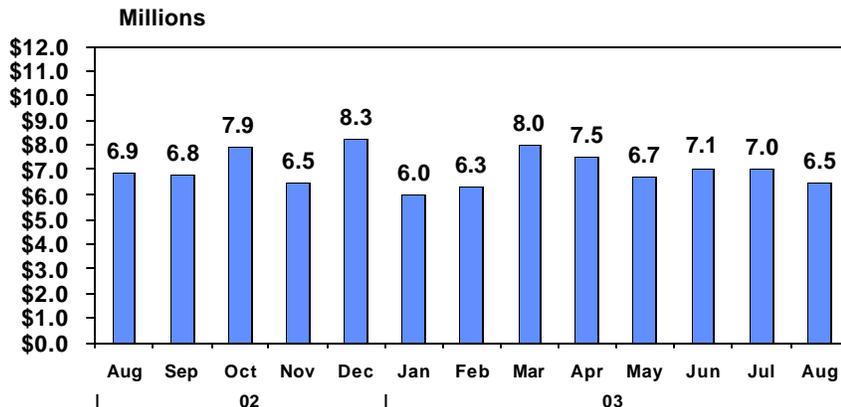
GROSS INCOME

August 02 – August 03



OPERATING EXPENSES

August 02 – August 03



INSURANCE LOSSES

August 02 – August 03

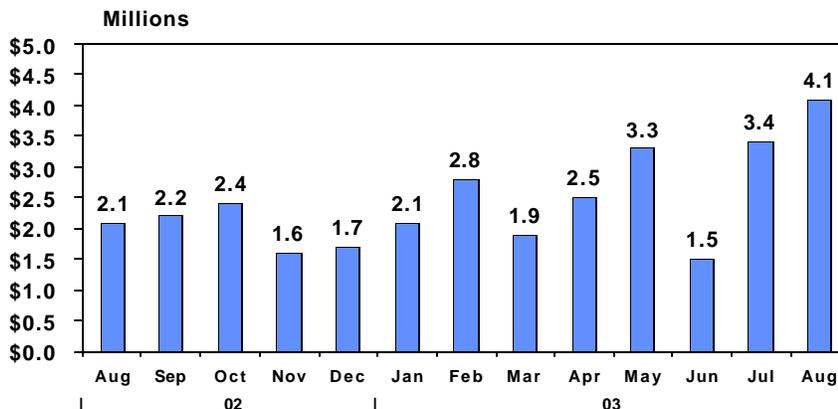


TABLE 4

INVESTMENT PORTFOLIO SUMMARY

August 31, 2003

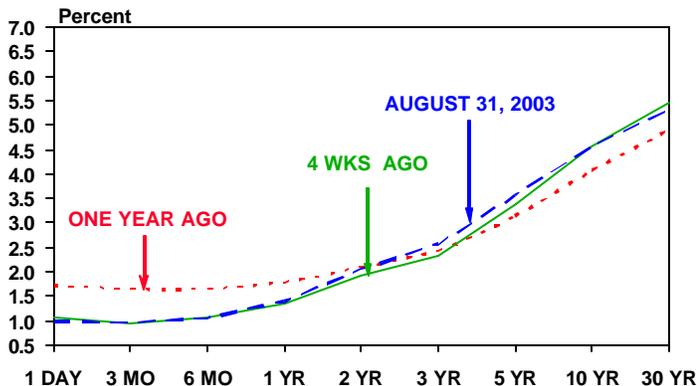
I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$1,451,555,000	\$1,451,555,000	\$0	100.0%	1.00%
U.S. Treasury Notes	\$4,336,417,355	\$4,367,562,500	\$31,145,145	100.7%	2.50%
TOTAL	\$5,787,972,355	\$5,819,117,500	\$31,145,145	100.5%	2.29%

II. INVESTMENT PORTFOLIO PERFORMANCE				
	Last Month	Current Month	CY To Date	CY03 Projections
Investment Yield	2.52%	2.35%	2.83%	3.00%
Investment Income	\$12,480,776	\$11,734,603	\$108,385,024	172 Million
Income Budgeted	\$14,100,000	\$14,100,000	\$115,400,000	172 Million
Income/Budgeted Ratio	88.5%	83.2%	93.9%	100.00%
Avg. Maturity in Days	363	361	344	

III. MONTHLY ACTIVITY				
Purchase	Type	Amount	Maturity	Yield
TOTAL		\$0		

IV. MATURITY SCHEDULE (par value in millions)	
3 months or less	2,051.6
3 months - 1 year	1,700.0
1 year - 2 years	1,600.0
2 years - 3 years	300.0
3 years - 4 years	0.0
TOTAL	5,651.6

TREASURY YIELD CURVE



MATURITY SCHEDULE

August 31, 2003

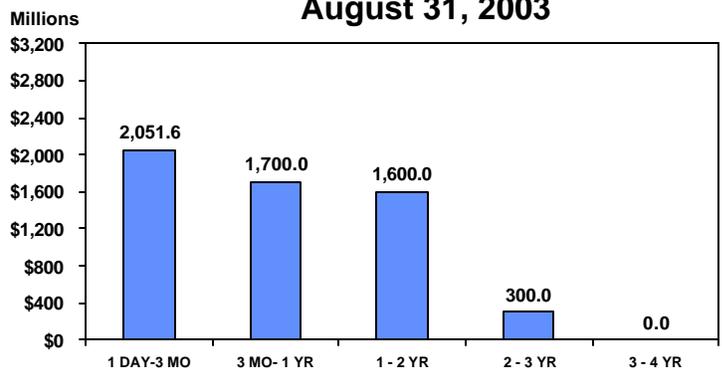


TABLE 5

INTEREST RATE COMPARISONS

August 31, 2003

INTEREST RATE COMPARISONS								
	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03
NCUSIF Yield	3.40%	3.12%	3.01%	2.88%	2.76%	2.58%	2.52%	2.35%
90 day T-Bill	1.17%	1.19%	1.11%	1.11%	1.10%	0.89%	0.94%	0.96%
1 year T-Bill	1.36%	1.30%	1.24%	1.24%	1.17%	1.06%	1.33%	1.38%
2 year T-Note	1.73%	1.54%	1.50%	1.47%	1.35%	1.29%	1.92%	2.04%
30 year T-Note	4.87%	4.69%	4.81%	4.75%	4.39%	4.55%	5.46%	5.30%

**INTEREST RATE COMPARISONS
AUGUST 31, 2003**

