

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 JUNE 30, 2003

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS
June 30, 2003

Balance Sheet:

Other Receivables: Due From Credit Unions — of \$6.5 million represents the remaining amount of one percent deposit adjustments due from credit unions on April 14.

Prepaid & Deferred Charges — is \$.6 million for June. \$7.5 million was transferred to the operating fund to cover 62% of the agency's operating costs. June's actual operating costs were \$6.9 million.

Other Assets — represents balance due to the NCUSIF from monies loaned to NCUA for purchase of the King Street building. The Region V building was paid off on April 30.

Provision for Credit Union Losses (Reserves) — of \$58.8 million includes new reserves of \$1.5 million that were added for June.

NCUSIF Equity — decreased to 1.22% for June, based upon an estimated insured share base of \$473 billion for June 30, 2003.

Statement of Revenue and Expense:

Investment Income — is approximately \$1.3 million less than the previous month due to one less calendar day in June for which interest was accrued and reinvestment at lower interest rates.

NCUSIF Total Operating Expense — of \$7.1 million includes \$214.0 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 \$1.5 million for June. The \$1.5 million is an increase to the National Pool Reserve. There were no reserve increases for specific problem credit unions for June.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
JUNE 30, 2003

ASSETS	JUNE 2002	MAY 2003	JUNE 2003
Investments:			
U.S. Government Securities	\$5,246,141,937.83	\$5,765,091,618.54	\$5,766,551,850.12
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	2,615,795.02	6,010,862.46	6,499,515.21
Loans due to NCUSIF	0.00	1,501,419.24	1,711,419.24
Recoveries from Liq. CU	12,664,514.40	15,461,172.77	14,623,567.26
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Total Other Receivables	15,280,309.42	22,973,454.47	22,834,501.71
Cash	5,164.17	5,885.75	25,141.29
Interest Receivable	88,063,324.98	46,929,932.51	51,306,482.58
Prepaid & Deferred Charges	919,866.45	918,608.26	577,172.04
Leased Assets	447,233.53	1,178,712.52	1,059,612.52
Other	29,827,773.59	27,310,498.89	27,185,119.60
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TOTAL ASSETS	\$5,380,685,609.97	\$5,864,408,710.94	\$5,869,539,879.86
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LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$5,876,911.79	\$9,484,253.57	\$9,406,819.07
Other	4,643.82	8,925.43	395,740.45
Check Clearing Accounts	1,104.31	3,831.20	5,609.57
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	5,882,659.92	9,497,010.20	9,808,169.09
Provision for CU Losses (Reserves)	43,925,202.60	57,761,561.90	58,833,201.34
Lease Liabilities	484,563.79	1,135,927.33	1,139,270.22
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TOTAL LIABILITIES	\$50,292,426.31	\$68,394,499.43	\$69,780,640.65 1/
EQUITY			
CU Contributed Capital	\$4,038,476,627.82	\$4,430,929,615.98	\$4,430,859,655.27
Retained Earnings	1,291,916,555.84	1,365,084,595.53	1,368,899,583.94
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TOTAL EQUITY	\$5,330,393,183.66	\$5,796,014,211.51	\$5,799,759,239.21
TOTAL LIABILITIES & EQUITY	\$5,380,685,609.97	\$5,864,408,710.94	\$5,869,539,879.86
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending June 30, 2003

	JUN 02	MAY 03	JUN 03
1. Investments/Total Assets	97.50%	98.31%	98.25%
2. Total Equity/Insured Shares	1.20%	1.31%	1.22%
3. Prov. for Losses/CU Capital	1.09%	1.30%	1.33%
4. Non-Earning/Total Assets	1.95%	1.23%	1.29%
5. Available Asset Ratio	1.17%	1.25%	1.22%

1/ Does not include unreserved contingent liabilities of \$0 in asset guarantees, and \$225.1 thousand in outstanding line of credit guarantees.

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING JUNE 30, 2003

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	FY TO DATE 2003	FY TO DATE BUDGETED 2003	FY TO DATE 2002
Investment Income	\$12,390,315.28	\$14,100,000.00	\$84,169,644.97	\$87,200,000.00	\$109,339,573.80
Other Income	61,496.23	75,000.00	438,110.58	465,000.00	666,207.29
Total Income	12,451,811.51	14,175,000.00	84,607,755.55	87,665,000.00	110,005,781.09
EXPENSE					
Employee Pay	4,095,154.18	4,438,826.76	26,234,616.65	27,255,911.37	26,519,417.77
Employee Benefits	999,986.50	1,093,013.61	6,153,591.62	6,703,335.09	6,153,034.71
Employee Travel	583,598.78	660,211.54	2,818,406.64	3,961,269.27	2,986,580.59
Rent/Communications/Utilities	280,079.80	227,221.49	1,245,747.92	1,363,328.94	1,023,933.53
Administrative Costs	621,704.65	587,928.34	2,689,599.66	3,527,570.05	2,571,393.49
Contracted Services	342,304.05	350,523.94	1,244,194.11	2,103,143.67	1,245,925.91
Subtotal NCUA Operating Exp.	6,922,827.96	7,357,725.68	40,386,156.60	44,914,558.39	40,500,286.00
AMAC Expense	0.00	1,250.00	26,304.24	7,500.00	5,047.03
Training Expense	74,659.65	100,000.00	692,452.88	600,000.00	489,474.32
Leasing Expense	122,442.89	49,400.00	338,163.24	296,400.00	317,590.54
Other Insurance Expense	16,892.60	17,500.00	101,758.45	105,000.00	105,481.52
Total Operating Exp.	7,136,823.10	7,525,875.68	41,544,835.41	45,923,458.39	41,417,879.41
Insurance Loss	1,500,000.00	2,000,000.00	14,090,468.73	12,000,000.00	0.00
Total Expense	8,636,823.10	9,525,875.68	55,635,304.14	57,923,458.39	41,417,879.41
NET INCOME	\$3,814,988.41	\$4,649,124.32	\$28,972,451.41	\$29,741,541.61	\$68,587,901.68
Retained Earnings, Beginning of Year					
Prior Year Adjustment			\$1,339,927,132.53		\$1,223,328,654.16
As Restated			0.00		0.00
Net Income			1,339,927,132.53		1,223,328,654.16
Dividends			28,972,451.41		68,587,901.68
Retained Earnings, End of Year			1,368,899,583.94		1,291,916,555.84
			0.00		0.00
			\$1,368,899,583.94		\$1,291,916,555.84

Comparative Analysis of NCUSIF Ratios for June 30, 2003

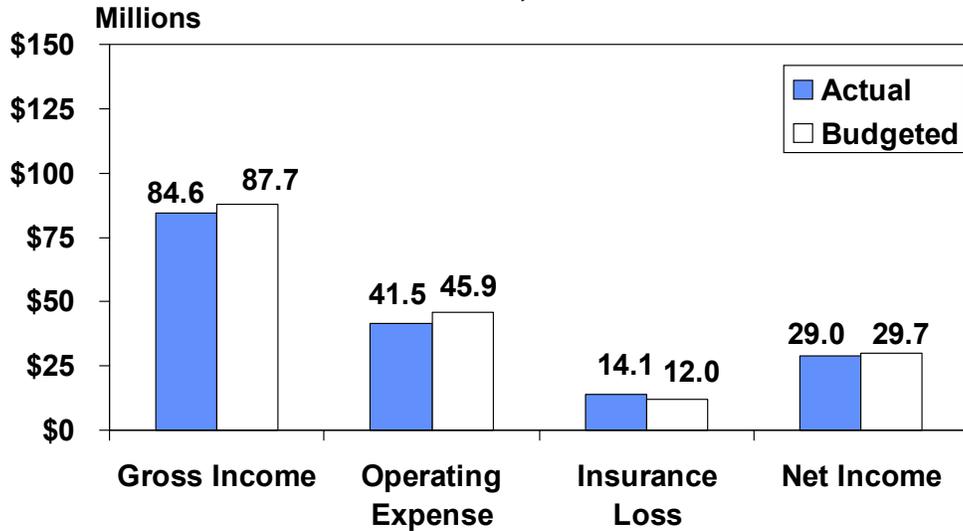
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR FYTD	CURRENT FYTD
1. Oper. Exp./Total Income	48.61%	57.32%	37.65%	49.10%
2. Ins. Loss/Total Income	23.72%	12.05%	0.00%	16.65%
3. Total Exp./Total Income	72.33%	69.36%	37.65%	65.76%
4. Net Income/Total Income	27.67%	30.64%	62.35%	34.24%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.00%

TABLE 3 - STATEMENT OF CASH FLOWS
June 30, 2003

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$102,036,009.11
Other income received	(1,273,308.66)
Cash paid for operating expenses	(56,145,437.93)
Net cash (paid) received for insurance losses	<u>15,262,255.54</u>
Net cash provided by operating activities	59,879,518.06
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(222,599,301.66)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>1,847,566.02</u>
Net cash provided by (used in) investing activities	(220,751,735.64)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	160,891,551.52
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	160,891,551.52
NET INCREASE (DECREASE) IN CASH	19,333.94
CASH, BEGINNING OF YEAR	5,807.35
CASH, ENDING June 30, 2003	<u>\$25,141.29</u>

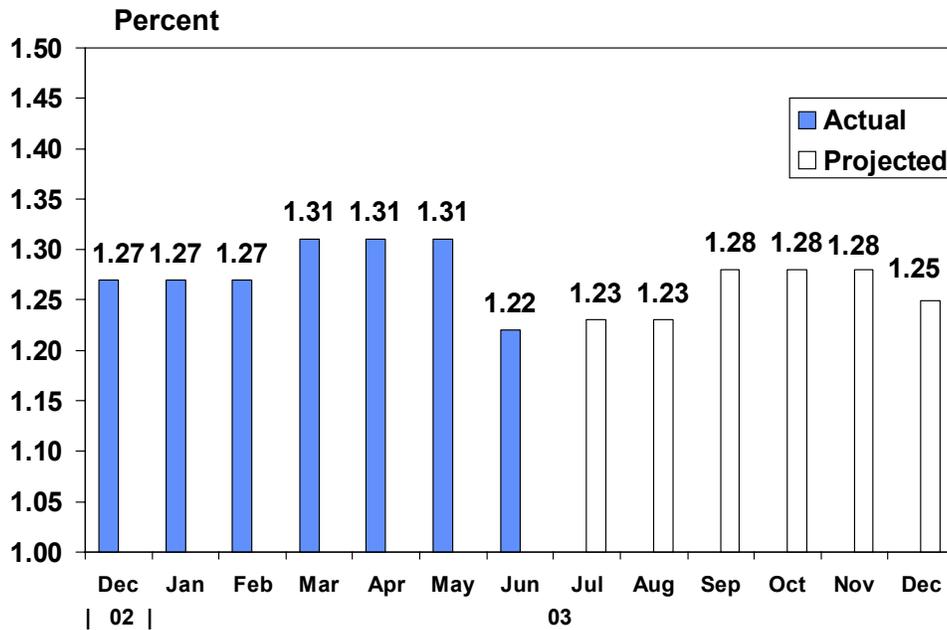
REVENUE AND EXPENSE

June 30, 2003



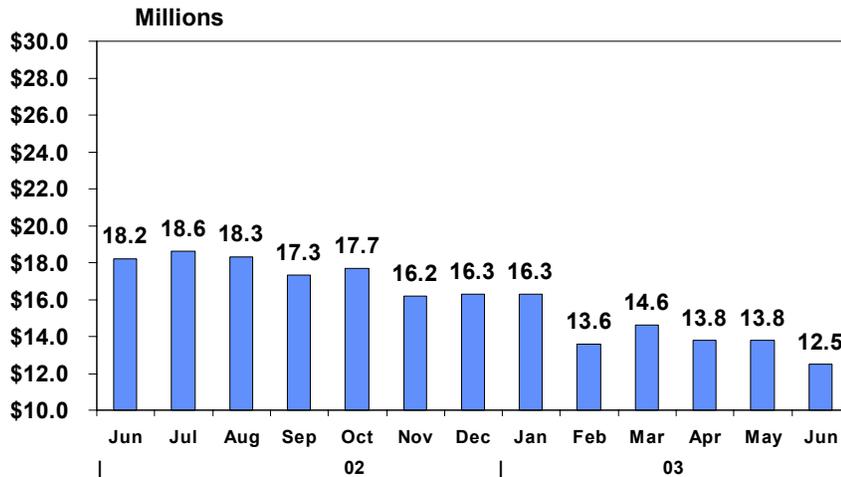
NCUSIF EQUITY RATIO

June 30, 2003



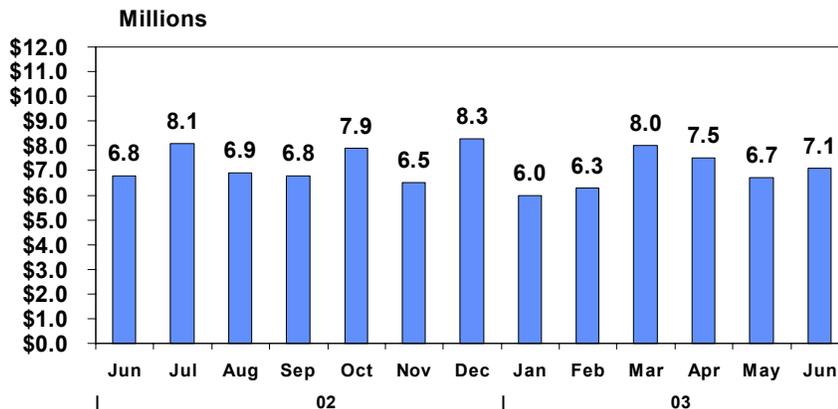
GROSS INCOME

June 02 – June 03



OPERATING EXPENSES

June 02 – June 03



INSURANCE LOSSES

Jun 02 – Jun 03

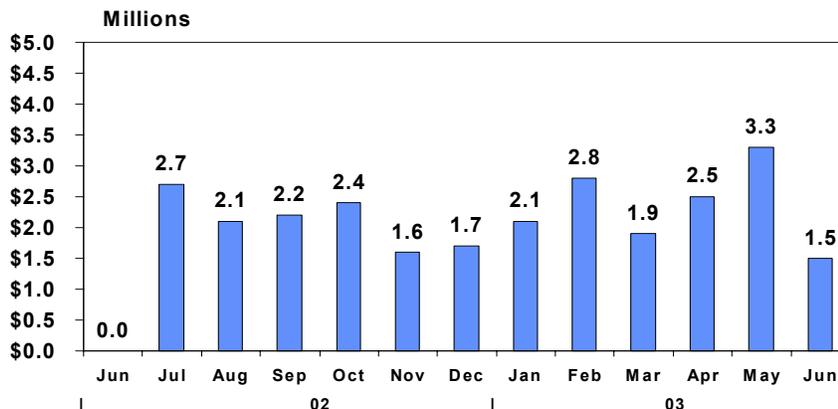


TABLE 4

INVESTMENT PORTFOLIO SUMMARY

June 30, 2003

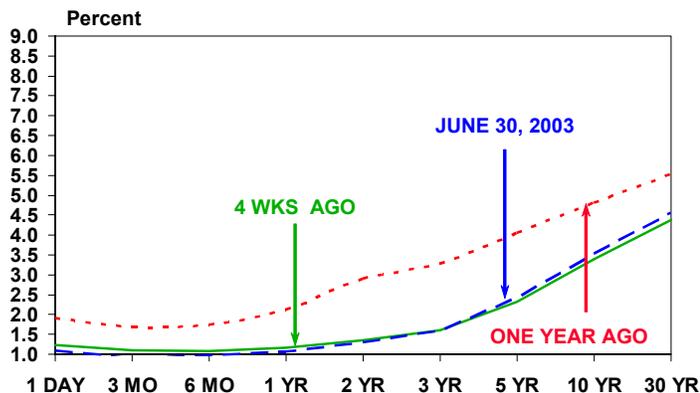
I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$1,675,122,000	\$1,675,122,000	\$0	100.0%	1.19%
U.S. Treasury Notes	\$4,091,429,851	\$4,151,218,750	\$59,788,899	101.5%	3.01%
TOTAL	\$5,766,551,851	\$5,826,340,750	\$59,788,899	101.0%	2.56%

II. INVESTMENT PORTFOLIO PERFORMANCE				
	Last Month	Current Month	CY To Date	CY03 Projections
Investment Yield	2.76%	2.58%	2.95%	3.00%
Investment Income	\$13,704,840	\$12,390,315	\$84,169,645	172 Million
Income Budgeted	\$14,100,000	\$14,100,000	\$87,200,000	172 Million
Income/Budgeted Ratio	97.2%	87.9%	96.5%	100.00%
Avg. Maturity in Days	332	311	337	

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

IV. MATURITY SCHEDULE (par value in millions)	
3 months or less	2,275.1
3 months - 1 year	1,500.0
1 year - 2 years	1,900.0
2 years - 3 years	0.0
3 years - 4 years	0.0
TOTAL	5,675.1

TREASURY YIELD CURVE



MATURITY SCHEDULE

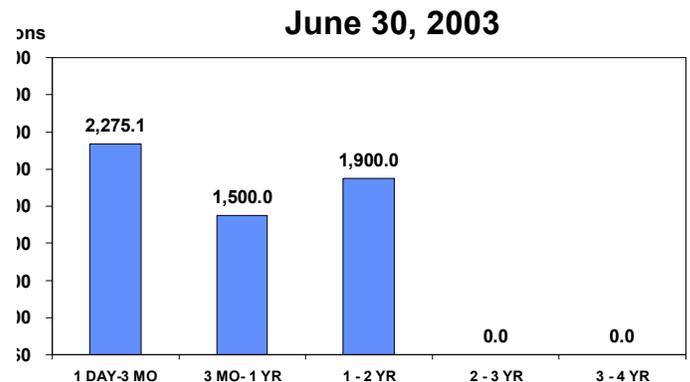


TABLE 5

INTEREST RATE COMPARISONS

June 30, 2003

INTEREST RATE COMPARISONS								
	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03
NCUSIF Yield	3.51%	3.37%	3.40%	3.12%	3.01%	2.88%	2.76%	2.58%
90 day T-Bill	1.21%	1.19%	1.17%	1.19%	1.11%	1.11%	1.10%	0.89%
1 year T-Bill	1.56%	1.36%	1.36%	1.30%	1.24%	1.24%	1.17%	1.06%
2 year T-Note	2.06%	1.64%	1.73%	1.54%	1.50%	1.47%	1.35%	1.29%
30 year T-Note	5.04%	4.81%	4.87%	4.69%	4.81%	4.75%	4.39%	4.55%

INTEREST RATE COMPARISONS
June 30, 2003

