

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 JULY 31, 2004

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS
July 31, 2004

Balance Sheet:

Interest Receivable — net increase of \$15.2 million is due to a combination of \$18.7 in accrued interest earned by the NCUSIF in July and payments of \$3.5 million received in July.

Prepaid & Deferred Charges — is \$1.0 million for July. \$7.5 million was transferred to the operating fund to cover 59.8% of the agency's operating costs. July's actual operating costs were \$6.5 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 \$88.6 million includes new reserves of \$1.3 million that were added for July.

NCUSIF Equity — remained at 1.24% for July. The equity ratio is based upon an estimated insured share base of \$497.7 billion for June 30, 2004.

Statement of Revenue and Expense:

Investment Income — is approximately \$.3 million more than the previous month due to one more calendar day in July for which interest was accrued.

NCUSIF Total Operating Expense — of \$6.6 million includes \$120.3 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 \$1.3 million for July. This increase is for new reserves or reserve increases for specific problem credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
JULY 31, 2004

ASSETS	JULY 2003	JUNE 2004	JULY 2004
Investments:			
U.S. Government Securities	\$5,749,620,966.23	\$6,162,108,178.43	\$6,150,336,756.79
Advances to Credit Unions:			
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	5,605,534.46	266,790.55	176,539.54
Loans due to NCUSIF	1,711,419.24	4,495,917.94	4,495,917.94
Recoveries from Liq. CU	13,361,487.88	14,641,768.40	15,125,679.18
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Total Other Receivables	20,678,441.58	19,404,476.89	19,798,136.66
Cash	5,049.53	3,284.03	5,267.00
Interest Receivable	73,223,246.01	53,729,414.00	68,968,920.72
Prepaid & Deferred Charges	1,227,629.33	495,805.59	1,015,501.47
Leased Assets	1,025,414.30	723,941.07	689,299.92
Other	27,058,921.31	25,815,947.63	25,704,102.84
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TOTAL ASSETS	\$5,872,839,668.29	\$6,262,281,047.64	\$6,266,517,985.40
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 LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$8,539,525.61	\$13,316,051.35	\$13,601,127.03
Other	985.08	174,941.44	0.00
Check Clearing Accounts	2,197.56	2,453.03	2,331.33
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	8,542,708.25	13,493,445.82	13,603,458.36
Provision for CU Losses (Reserves)	61,455,209.50	86,909,407.25	88,575,628.11
Lease Liabilities	1,034,946.24	731,374.48	626,440.89
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TOTAL LIABILITIES	\$71,032,863.99	\$101,134,227.55	\$102,805,527.36
 EQUITY			
CU Contributed Capital	\$4,430,684,440.02	\$4,779,763,357.64	\$4,779,758,084.55
Retained Earnings	1,371,122,364.28	1,381,383,462.45	1,383,954,373.49
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TOTAL EQUITY	\$5,801,806,804.30	\$6,161,146,820.09	\$6,163,712,458.04
TOTAL LIABILITIES & EQUITY	\$5,872,839,668.29	\$6,262,281,047.64	\$6,266,517,985.40
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending July 31, 2004

	JUL 03	JUN 04	JUL 04
1. Investments/Total Assets	97.90%	98.40%	98.15%
2. Total Equity/Insured Shares	1.22%	1.24%	1.24%
3. Prov. for Losses/CU Capital	1.39%	1.82%	1.85%
4. Non-Earning/Total Assets	1.64%	1.19%	1.44%
5. Available Asset Ratio	1.21%	1.21%	1.21%

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING JULY 31, 2004

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2004	CY TO DATE BUDGETED 2004	CY TO DATE 2003
Investment Income	\$10,453,514.08	\$10,500,000.00	\$71,922,459.90	\$73,500,000.00	\$96,650,420.86
Other Income	43,102.35	40,000.00	305,903.33	280,000.00	530,800.56
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Total Income	10,496,616.43	10,540,000.00	72,228,363.23	73,780,000.00	97,181,221.42
EXPENSE					
Employee Pay	4,143,527.17	4,444,275.97	\$28,553,950.56	30,713,233.40	30,710,718.76
Employee Benefits	1,041,338.03	1,135,856.87	\$7,218,764.84	7,854,611.61	7,259,174.17
Employee Travel	592,049.26	672,360.07	\$3,491,873.71	4,706,520.54	3,407,912.97
Rent/Communications/Utilities	222,858.24	221,527.24	\$1,507,733.95	1,550,690.70	1,437,069.83
Administrative Costs	392,444.68	630,663.33	\$2,903,765.77	4,414,643.28	2,978,788.38
Contracted Services	92,281.15	407,798.61	\$1,564,802.53	2,854,590.25	1,442,035.20
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Subtotal NCUA Operating Exp.	6,484,498.53	7,512,482.09	45,240,891.36	52,094,289.78	47,235,699.31
AMAC Expense	1,535.35	15,000.00	31,339.82	105,000.00	26,495.78
Training Expense	79,866.22	110,000.00	536,836.91	770,000.00	765,828.95
Leasing Expense	35,581.09	35,250.00	248,903.23	246,750.00	373,911.01
Other Insurance Expense	3,282.73	3,500.00	20,855.03	24,500.00	118,585.89
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Total Operating Exp.	6,604,763.92	7,676,232.09	46,078,826.35	53,240,539.78	48,520,520.94
Insurance Loss	1,320,941.47	1,250,000.00	10,989,317.02	8,750,000.00	17,465,468.73
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Total Expense	7,925,705.39	8,926,232.09	57,068,143.37	61,990,539.78	65,985,989.67
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NET INCOME	\$2,570,911.04	\$1,613,767.91	\$15,160,219.86	\$11,789,460.22	\$31,195,231.75
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Retained Earnings, Beginning of Year			\$1,368,794,153.63		\$1,339,927,132.53
Prior Year Adjustment			0.00		0.00
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As Restated			1,368,794,153.63		1,339,927,132.53
Net Income			15,160,219.86		31,195,231.75
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Dividends			1,383,954,373.49		1,371,122,364.28
			0.00		0.00
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Retained Earnings, End of Year			\$1,383,954,373.49		\$1,371,122,364.28
			=====		=====

Comparative Analysis of NCUSIF Ratios for July 31, 2004

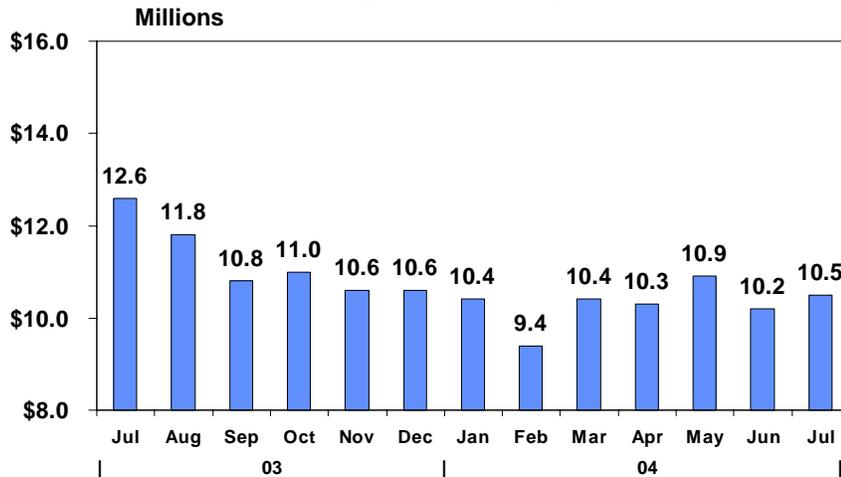
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	69.92%	62.92%	49.93%	63.80%
2. Ins. Loss/Total Income	16.51%	12.58%	17.97%	15.21%
3. Total Exp./Total Income	86.43%	75.51%	67.90%	79.01%
4. Net Income/Total Income	13.57%	24.49%	32.10%	20.99%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.00%

TABLE 3 - STATEMENT OF CASH FLOWS
July 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$48,714,545.09
Other income received	(2,478,595.37)
Cash paid for operating expenses	(48,860,847.40)
Net cash (paid) received for insurance losses	<u>2,073,413.38</u>
Net cash provided by operating activities	(551,484.30)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(76,096,820.08)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>782,913.53</u>
Net cash provided by (used in) investing activities	(75,313,906.55)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	75,865,040.39
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	75,865,040.39
NET INCREASE (DECREASE) IN CASH	(350.46)
CASH, BEGINNING OF YEAR	5,617.46
CASH, ENDING JULY 31, 2004	<u><u>\$5,267.00</u></u>

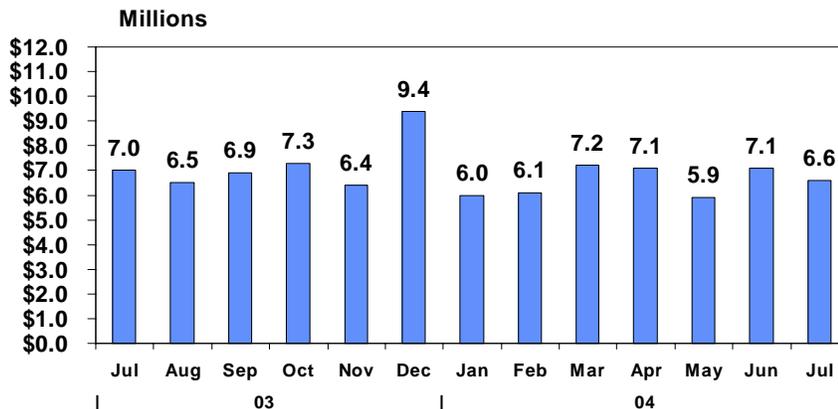
GROSS INCOME

July 03 – July 04



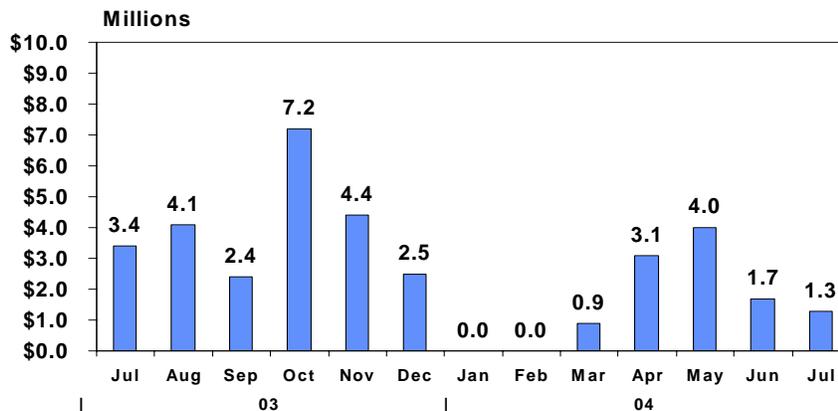
OPERATING EXPENSE

July 03 – July 04



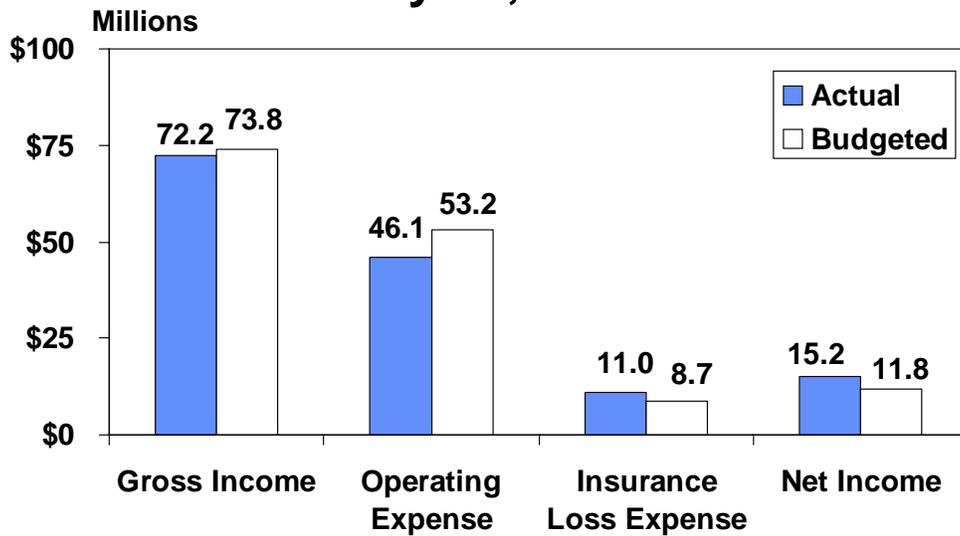
INSURANCE LOSS EXPENSE

July 03 – July 04



REVENUE AND EXPENSE

July 31, 2004



NCUSIF EQUITY RATIO

July 31, 2004

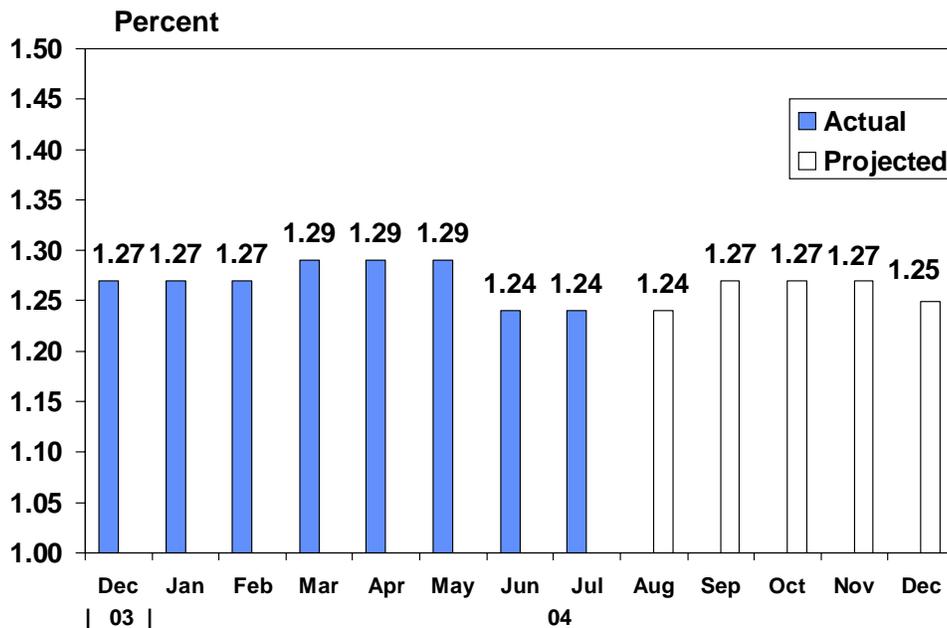


TABLE 4

INVESTMENT PORTFOLIO SUMMARY

JULY 31, 2004

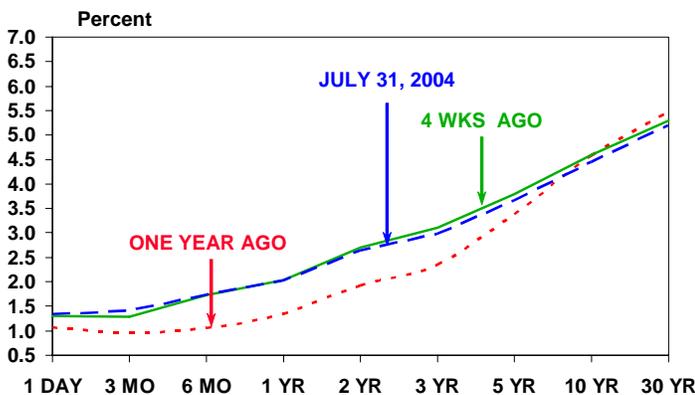
I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$830,518,000	\$830,518,000	\$0	100.0%	1.28%
U.S. Treasury Notes	\$5,319,818,757	\$5,293,218,750	(\$26,600,007)	99.5%	2.10%
TOTAL	\$6,150,336,757	\$6,123,736,750	(\$26,600,007)	99.6%	1.99%

II. INVESTMENT PORTFOLIO PERFORMANCE				
	Last Month	Current Month	CY To Date	CY04 Projections
Investment Yield	1.98%	1.97%	1.98%	2.00%
Investment Income	\$10,176,603	\$10,453,514	\$71,922,460	126 Million
Income Budgeted	\$10,500,000	\$10,500,000	\$73,500,000	126 Million
Income/Budgeted Ratio	96.9%	99.6%	97.9%	100.00%
Avg. Maturity in Days	475	465	451	

III. MONTHLY ACTIVITY				
Purchase	Type	Amount	Maturity	Yield
None				
TOTAL				

IV. MATURITY SCHEDULE (par value in millions)	
3 months or less	1,830.5
3 months - 1 year	1,900.0
1 year - 2 years	1,200.0
2 years - 3 years	600.0
3 years - 4 years	500.0
TOTAL	6,030.5

TREASURY YIELD CURVE



MATURITY SCHEDULE

July 31, 2004

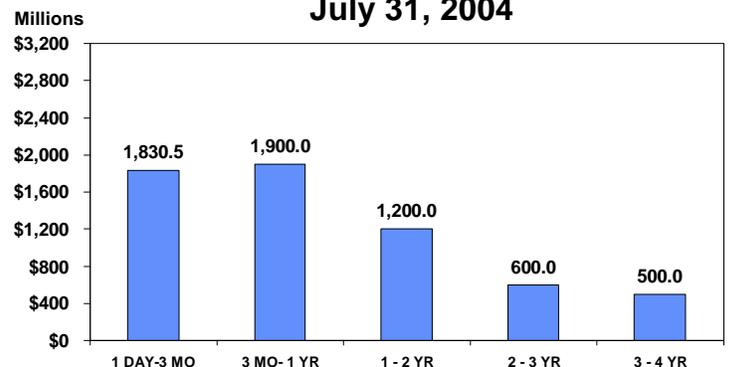


TABLE 5

INTEREST RATE COMPARISONS

July 31, 2004

INTEREST RATE COMPARISONS								
	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04
NCUSIF Yield	2.02%	1.98%	1.93%	1.99%	2.02%	2.05%	1.98%	1.97%
90 day T-Bill	0.93%	0.91%	0.94%	0.94%	0.97%	1.07%	1.28%	1.40%
1 year T-Bill	1.29%	1.27%	1.22%	1.20%	1.55%	1.77%	2.04%	2.02%
2 year T-Note	1.86%	1.82%	1.66%	1.59%	2.34%	2.55%	2.70%	2.64%
30 year T-Note	5.10%	4.97%	4.85%	4.79%	5.30%	5.37%	5.30%	5.19%

**INTEREST RATE COMPARISONS
JULY 31, 2004**

