

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, 2004

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS
August 31, 2004

Balance Sheet:

Cash — includes interest received on several Treasury notes at month end.

Interest Receivable — net decrease of \$23.6 million is due to a combination of \$16.9 million in accrued interest earned in August, \$4.2 million due to purchase of five Treasury notes, and payments of \$44.5 million received by the NCUSIF in August.

Prepaid & Deferred Charges — is \$1.7 million for August. \$7.5 million was transferred to the operating fund to cover 59.8% of the agency's operating costs. August's actual operating costs were \$6.8 million.

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

NCUSIF Equity — remained at 1.24% for August. The equity ratio is based upon an insured share base of \$497.0 billion for June 30, 2004.

Statement of Revenue and Expense:

NCUSIF Total Operating Expense — of \$6.9 million includes \$66.2 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 negative \$2.6 million for August. This decrease is primarily due to a reduction in cost for a problem credit union.

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

ASSETS	AUGUST 2003	JULY 2004	AUGUST 2004
Investments:			
U.S. Government Securities	\$5,787,972,354.84	\$6,150,336,756.79	\$6,168,645,181.62
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	89,013.90	176,539.54	20,151.11
Loans due to NCUSIF	1,711,419.24	4,495,917.94	4,495,917.94
Recoveries from Liq. CU	12,959,010.59	15,125,679.18	14,899,803.65
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Total Other Receivables	14,759,443.73	19,798,136.66	19,415,872.70
Cash	5,297.25	5,267.00	2,505,572.47
Interest Receivable	46,770,549.49	68,968,920.72	45,399,799.11
Prepaid & Deferred Charges	1,208,124.76	1,015,501.47	1,669,018.53
Leased Assets	990,868.00	689,299.92	654,773.35
Other	26,930,495.53	25,704,102.84	25,592,258.05
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TOTAL ASSETS	\$5,878,637,133.60	\$6,266,517,985.40	\$6,263,882,475.83
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LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$8,452,741.50	\$13,601,127.03	\$9,423,490.26
Other	2,399.28	0.00	0.00
Check Clearing Accounts	1,297.40	2,331.33	1,862.96
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	8,456,438.18	13,603,458.36	9,425,353.22
Provision for CU Losses (Reserves)	65,979,026.13	88,575,628.11	88,781,924.74
Lease Liabilities	1,036,492.93	626,440.89	627,377.08
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TOTAL LIABILITIES	\$75,471,957.24	\$102,805,527.36	\$98,834,655.04
EQUITY			
CU Contributed Capital	\$4,430,773,203.93	\$4,779,758,084.55	\$4,775,121,433.36
Retained Earnings	1,372,391,972.43	1,386,525,284.53	1,389,926,387.43
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TOTAL EQUITY	\$5,803,165,176.36	\$6,166,283,369.08	\$6,165,047,820.79
TOTAL LIABILITIES & EQUITY	\$5,878,637,133.60	\$6,269,088,896.44	\$6,263,882,475.83
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending August 31, 2004

	AUG 03	JUL 04	AUG 04
1. Investments/Total Assets	98.48%	98.15%	98.15%
2. Total Equity/Insured Shares	1.22%	1.24%	1.24%
3. Prov. for Losses/CU Capital	1.49%	1.85%	1.86%
4. Non-Earning/Total Assets	1.08%	1.50%	1.11%
5. Available Asset Ratio	1.21%	1.21%	1.22%

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

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2004	CY TO DATE BUDGETED 2004	CY TO DATE 2003
Investment Income	\$10,213,308.63	\$10,500,000.00	\$82,135,768.53	\$84,000,000.00	\$108,385,024.10
Other Income	42,698.21	40,000.00	348,601.54	320,000.00	583,227.17
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Total Income	10,256,006.84	10,540,000.00	82,484,370.07	84,320,000.00	108,968,251.27
EXPENSE					
Employee Pay	4,102,667.11	4,444,275.97	\$32,656,617.67	35,157,509.37	34,813,560.21
Employee Benefits	990,875.24	1,135,856.87	\$8,209,640.08	8,990,468.48	8,250,718.40
Employee Travel	644,238.98	672,360.08	\$4,136,112.69	5,378,880.62	3,947,440.04
Rent/Communications/Utilities	194,806.85	221,527.25	\$1,702,540.80	1,772,217.95	1,592,216.72
Administrative Costs	628,077.13	630,663.32	\$3,531,842.90	5,045,306.60	3,288,126.14
Contracted Services	285,817.63	407,798.60	\$1,850,620.16	3,262,388.85	1,635,513.04
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Subtotal NCUA Operating Exp.	6,846,482.94	7,512,482.09	52,087,374.30	59,606,771.87	53,527,574.55
AMAC Expense	(845.58)	15,000.00	30,494.24	120,000.00	26,917.78
Training Expense	28,461.55	110,000.00	565,298.46	880,000.00	884,890.13
Leasing Expense	35,462.76	35,250.00	284,365.99	282,000.00	410,004.00
Other Insurance Expense	3,115.23	3,500.00	23,970.26	28,000.00	135,556.18
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Total Operating Exp.	6,912,676.90	7,676,232.09	52,991,503.25	60,916,771.87	54,984,942.64
Insurance Loss	(2,628,684.00)	1,250,000.00	8,360,633.02	10,000,000.00	21,518,468.73
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Total Expense	4,283,992.90	8,926,232.09	61,352,136.27	70,916,771.87	76,503,411.37
NET INCOME	\$5,972,013.94	\$1,613,767.91	\$21,132,233.80	\$13,403,228.13	\$32,464,839.90
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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			21,132,233.80		32,464,839.90
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Dividends			1,389,926,387.43		1,372,391,972.43
			0.00		0.00
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Retained Earnings, End of Year			\$1,389,926,387.43		\$1,372,391,972.43
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Comparative Analysis of NCUSIF Ratios for August 31, 2004

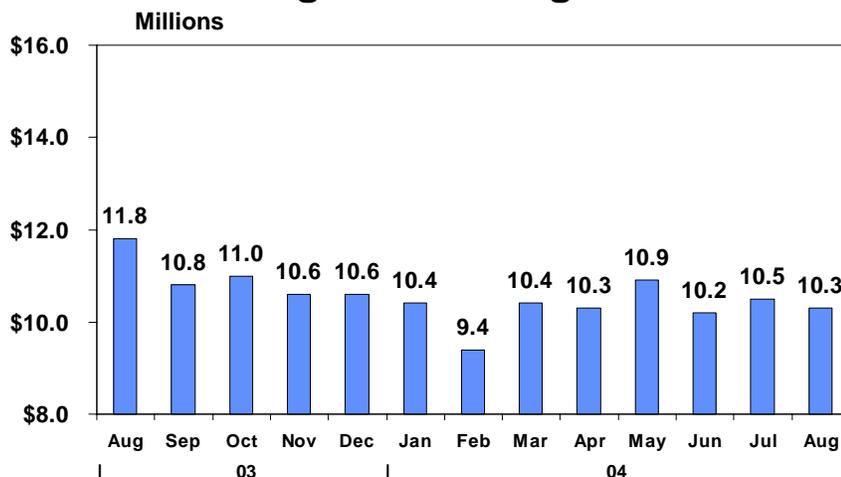
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	69.92%	67.40%	50.46%	64.24%
2. Ins. Loss/Total Income	16.51%	-25.63%	19.75%	10.14%
3. Total Exp./Total Income	86.43%	41.77%	70.21%	74.38%
4. Net Income/Total Income	13.57%	58.23%	29.79%	25.62%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.00%

TABLE 3 - STATEMENT OF CASH FLOWS
August 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$82,496,975.33
Other income received	(2,435,897.16)
Cash paid for operating expenses	(56,392,047.77)
Net cash (paid) received for insurance losses	<u>956,632.77</u>
Net cash provided by operating activities	24,625,663.17
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(94,405,244.11)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>894,758.32</u>
Net cash provided by (used in) investing activities	(93,510,485.79)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	71,384,777.63
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	71,384,777.63
NET INCREASE (DECREASE) IN CASH	2,499,955.01
CASH, BEGINNING OF YEAR	5,617.46
CASH, ENDING AUGUST 31, 2004	<u><u>\$2,505,572.47</u></u>

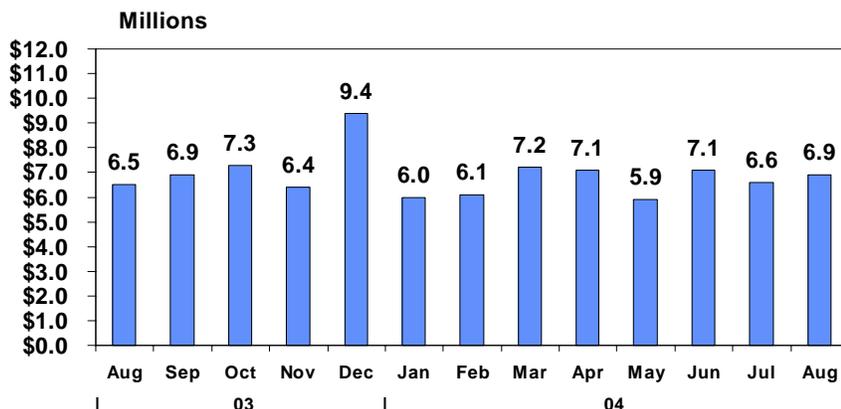
GROSS INCOME

August 03 – August 04



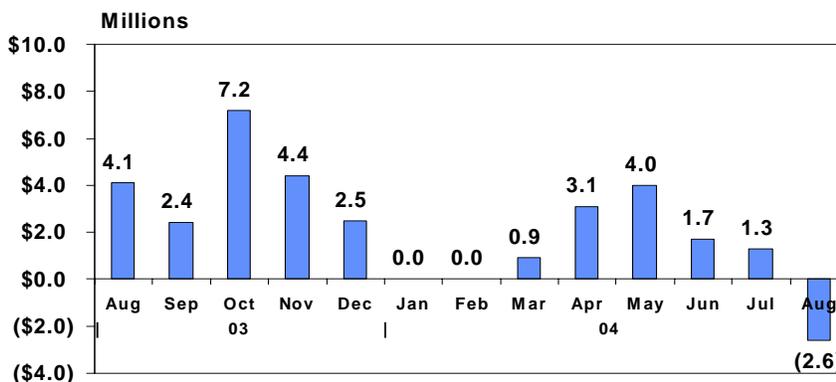
OPERATING EXPENSE

August 03 – August 04



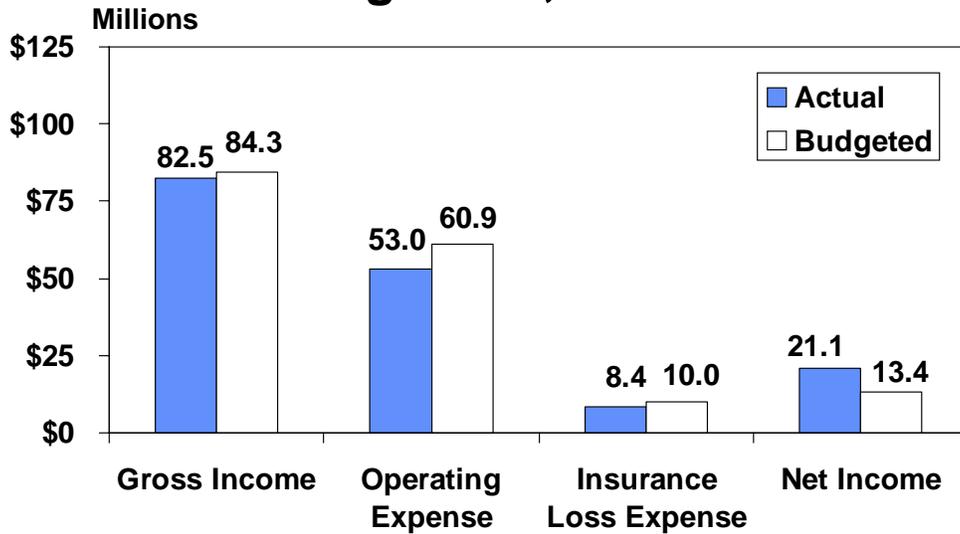
INSURANCE LOSS EXPENSE

August 03 – August 04



REVENUE AND EXPENSE

August 31, 2004



NCUSIF EQUITY RATIO

August 31, 2004

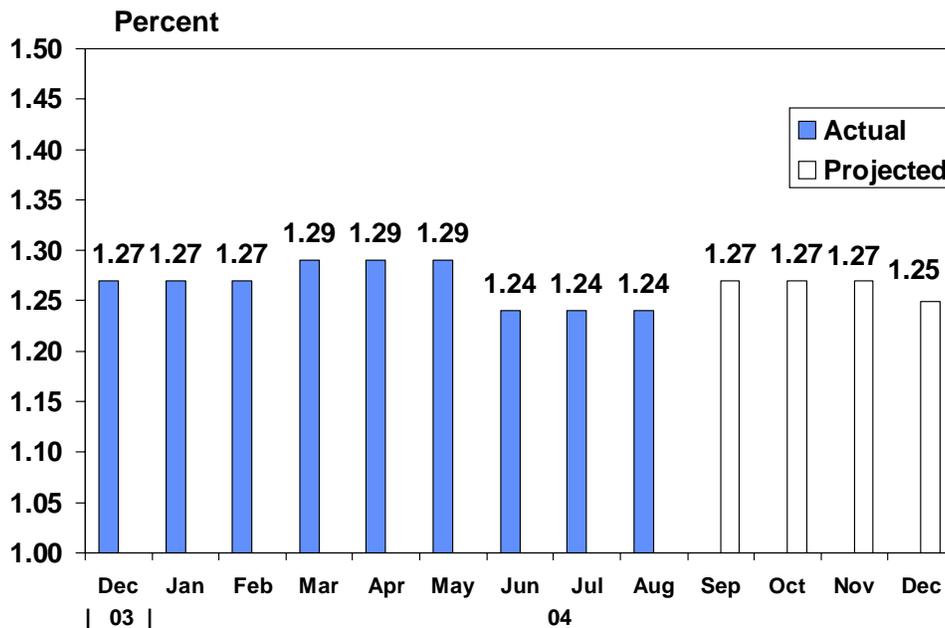


TABLE 4

INVESTMENT PORTFOLIO SUMMARY

AUGUST 31, 2004

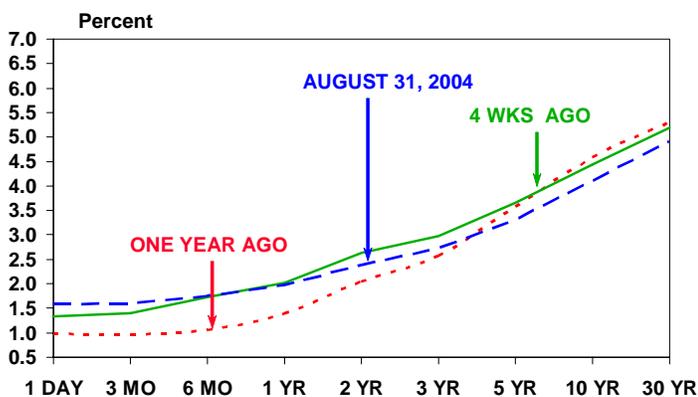
I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$655,759,000	\$655,759,000	\$0	100.0%	1.49%
U.S. Treasury Notes	\$5,512,886,182	\$5,502,218,750	(\$10,667,432)	99.8%	2.08%
TOTAL	\$6,168,645,182	\$6,157,977,750	(\$10,667,432)	99.8%	1.97%

II. INVESTMENT PORTFOLIO PERFORMANCE				
	Last Month	Current Month	CY To Date	CY04 Projections
Investment Yield	1.97%	1.92%	1.96%	2.00%
Investment Income	\$10,453,514	\$10,213,309	\$82,135,769	126 Million
Income Budgeted	\$10,500,000	\$10,500,000	\$84,000,000	126 Million
Income/Budgeted Ratio	99.6%	97.3%	97.8%	100.00%
Avg. Maturity in Days	465	484	455	

III. MONTHLY ACTIVITY				
Purchase	Type	Amount	Maturity	Yield
8/31/2004	Treasury Note	200,000,000	4/30/2006	2.25%
8/31/2004	Treasury Note	200,000,000	6/30/2006	2.32%
8/31/2004	Treasury Note	100,000,000	8/15/2006	2.39%
8/31/2004	Treasury Note	200,000,000	11/15/2006	2.49%
8/31/2004	Treasury Note	100,000,000	2/15/2007	2.55%
TOTAL		\$800,000,000		

IV. MATURITY SCHEDULE (par value in millions)	
3 months or less	1,355.8
3 months - 1 year	1,700.0
1 year - 2 years	1,800.0
2 years - 3 years	900.0
3 years - 4 years	300.0
TOTAL	6,055.8

TREASURY YIELD CURVE



MATURITY SCHEDULE

August 31, 2004

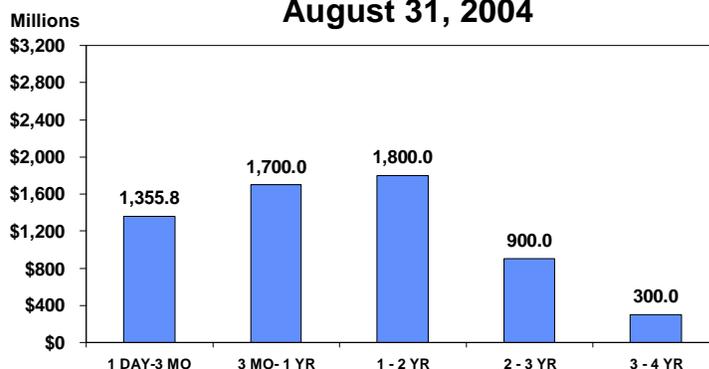


TABLE 5

INTEREST RATE COMPARISONS

August 31, 2004

INTEREST RATE COMPARISONS								
	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04
NCUSIF Yield	1.98%	1.93%	1.99%	2.02%	2.05%	1.98%	1.97%	1.92%
90 day T-Bill	0.91%	0.94%	0.94%	0.97%	1.07%	1.28%	1.40%	1.59%
1 year T-Bill	1.27%	1.22%	1.20%	1.55%	1.77%	2.04%	2.02%	1.96%
2 year T-Note	1.82%	1.66%	1.59%	2.34%	2.55%	2.70%	2.64%	2.37%
30 year T-Note	4.97%	4.85%	4.79%	5.30%	5.37%	5.30%	5.19%	4.91%

**INTEREST RATE COMPARISONS
AUGUST 31, 2004**

