

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 MAY 31, 2004

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS
May 31, 2004

Balance Sheet:

Other Receivables: Due From Credit Unions — of \$2.3 million represents the remaining amount of one percent deposit adjustments due from credit unions.

Other Receivables: Recoveries from Liq. CU — increased by \$5.5 million due primarily to new receivables established by AMAC from the liquidation of three credit unions.

Interest Receivable — net decrease of \$30.1 million is due to a combination of \$20.1 million in accrued interest earned in May and payments of \$50.2 million received by the NCUSIF in May.

Prepaid & Deferred Charges — is \$1.7 million for May. \$7.5 million was transferred to the operating fund to cover 59.8% of the agency's operating costs. May's actual operating costs were \$5.9 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 \$87.6 million includes new reserves of \$4.0 million that were added for May.

NCUSIF Equity — remained at 1.29% for May. The equity ratio is based upon an insured share base of \$478.5 billion for December 31, 2003.

Statement of Revenue and Expense:

Investment Income — is approximately \$569 thousand more than the previous month due to one more calendar day in May for which interest was accrued.

NCUSIF Total Operating Expense — of \$7.9 million includes \$99.3 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 \$4.0 million for May. This increase is for new reserves or reserve increases for specific problem credit unions.

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

ASSETS	MAY 2003	APRIL 2004	MAY 2004
Investments:			
U.S. Government Securities	\$5,765,091,618.54	\$6,122,145,087.97	\$6,169,033,837.03
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	6,010,862.46	18,063,512.10	2,318,763.40
Loans due to NCUSIF	1,501,419.24	3,501,419.24	3,612,840.96
Recoveries from Liq. CU	15,461,172.77	12,793,188.72	18,334,724.40
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Total Other Receivables	22,973,454.47	34,358,120.06	24,266,328.76
Cash	5,885.75	1,002,031.86	31,475.38
Interest Receivable	46,929,932.51	74,459,348.79	44,392,198.56
Prepaid & Deferred Charges	918,608.26	586,697.49	1,711,617.17
Leased Assets	1,178,712.52	792,618.29	758,467.64
Other	27,310,498.89	26,039,637.21	25,927,792.42
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TOTAL ASSETS	\$5,864,408,710.94	\$6,259,383,541.67	\$6,266,121,716.96
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LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$9,484,253.57	\$10,620,102.50	\$16,087,930.06
Other	8,925.43	623,053.29	4,269.74
Check Clearing Accounts	3,831.20	141,797.20	3,109.49
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	9,497,010.20	11,384,952.99	16,095,309.29
Provision for CU Losses (Reserves)	57,761,561.90	83,455,634.34	87,622,790.84
Lease Liabilities	1,135,927.33	729,228.46	730,318.26
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TOTAL LIABILITIES	\$68,394,499.43	\$95,569,815.79	\$104,448,418.39 1/
	=====	=====	=====
EQUITY			
CU Contributed Capital	\$4,430,929,615.98	\$4,784,816,787.68	\$4,781,676,365.00
Retained Earnings	1,365,084,595.53	1,378,996,938.20	1,379,996,933.57
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TOTAL EQUITY	\$5,796,014,211.51	\$6,163,813,725.88	\$6,161,673,298.57
TOTAL LIABILITIES & EQUITY	\$5,864,408,710.94	\$6,259,383,541.67	\$6,266,121,716.96
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending May 31, 2004

	MAY 03	APR 04	MAY 04
1/ Does not include unreserved contingent liabilities of \$0 in asset guarantees, and \$382 thousand in outstanding line of credit guarantees.			
1. Investments/Total Assets	98.31%	97.81%	98.45%
2. Total Equity/Insured Shares	1.31%	1.29%	1.29%
3. Prov. for Losses/CU Capital	1.30%	1.74%	1.83%
4. Non-Earning/Total Assets	1.23%	1.78%	1.14%
5. Available Asset Ratio	1.25%	1.28%	1.26%

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

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2004	CY TO DATE BUDGETED 2004	CY TO DATE 2003
Investment Income	\$10,865,050.79	\$10,500,000.00	\$51,292,342.74	\$52,500,000.00	\$71,779,329.69
Other Income	44,355.48	40,000.00	220,466.91	200,000.00	376,614.35
Total Income	10,909,406.27	10,540,000.00	51,512,809.65	52,700,000.00	72,155,944.04
EXPENSE					
Employee Pay	3,954,514.70	4,245,926.77	\$20,282,370.36	21,824,681.46	22,139,462.47
Employee Benefits	1,004,814.34	1,087,663.62	\$5,149,387.08	5,582,897.87	5,153,605.12
Employee Travel	650,001.78	672,360.08	\$2,209,061.42	3,361,800.39	2,234,807.86
Rent/Communications/Utilities	204,018.86	221,527.25	\$1,142,010.82	1,107,636.22	965,668.12
Administrative Costs	(344,078.68)	630,663.33	\$1,910,946.14	3,153,316.63	2,067,895.01
Contracted Services	319,111.83	407,798.60	\$1,058,422.60	2,038,993.03	901,890.06
Subtotal NCUA Operating Exp.	5,788,382.83	7,265,939.65	31,752,198.42	37,069,325.60	33,463,328.64
AMAC Expense	2,856.80	15,000.00	36,896.30	75,000.00	26,304.24
Training Expense	58,081.04	110,000.00	347,391.68	550,000.00	617,793.23
Leasing Expense	35,240.45	35,250.00	177,739.35	176,250.00	215,720.35
Other Insurance Expense	3,134.78	3,500.00	14,490.08	17,500.00	84,865.85
Total Operating Exp.	5,887,695.90	7,429,689.65	32,328,715.83	37,888,075.60	34,408,012.31
Insurance Loss	4,021,715.00	1,250,000.00	7,981,313.88	6,250,000.00	12,590,468.73
Total Expense	9,909,410.90	8,679,689.65	40,310,029.71	44,138,075.60	46,998,481.04
NET INCOME	\$999,995.37	\$1,860,310.35	\$11,202,779.94	\$8,561,924.40	\$25,157,463.00
Retained Earnings, Beginning of Year			\$1,368,794,153.63		\$1,339,927,132.53
Prior Year Adjustment			0.00		0.00
As Restated			1,368,794,153.63		1,339,927,132.53
Net Income			11,202,779.94		25,157,463.00
Dividends			1,379,996,933.57		1,365,084,595.53
Retained Earnings, End of Year			\$1,379,996,933.57		\$1,365,084,595.53

Comparative Analysis of NCUSIF Ratios for May 31, 2004

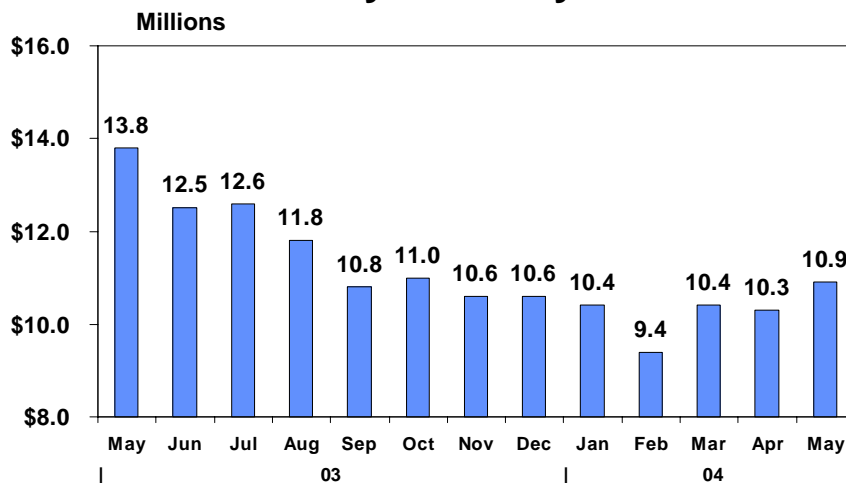
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	68.81%	53.97%	47.69%	62.76%
2. Ins. Loss/Total Income	29.86%	36.86%	17.45%	15.49%
3. Total Exp./Total Income	98.67%	90.83%	65.13%	78.25%
4. Net Income/Total Income	1.33%	9.17%	34.87%	21.75%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.00%

TABLE 3 - STATEMENT OF CASH FLOWS
May 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$52,661,150.09
Other income received	(1,680,954.81)
Cash paid for operating expenses	(35,872,968.56)
Net cash (paid) received for insurance losses	<u>3,406,337.06</u>
Net cash provided by operating activities	18,513,563.78
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(94,688,026.79)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>559,223.95</u>
Net cash provided by (used in) investing activities	(94,128,802.84)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	75,641,096.98
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	75,641,096.98
NET INCREASE (DECREASE) IN CASH	25,857.92
CASH, BEGINNING OF YEAR	5,617.46
CASH, ENDING May 31, 2004	<u><u>\$31,475.38</u></u>

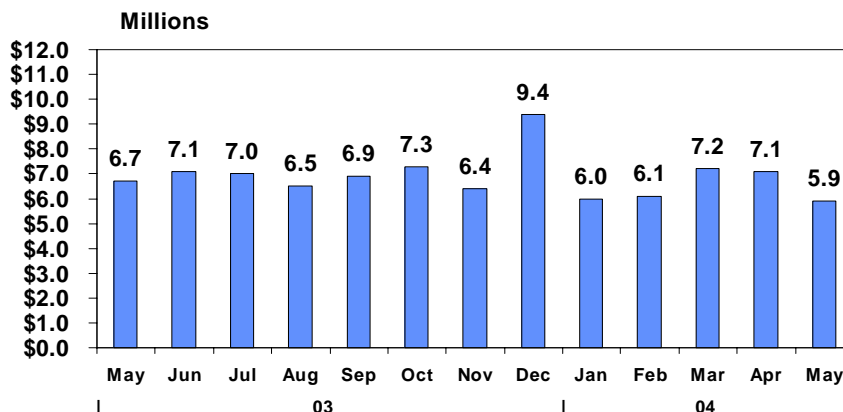
GROSS INCOME

May 03 – May 04



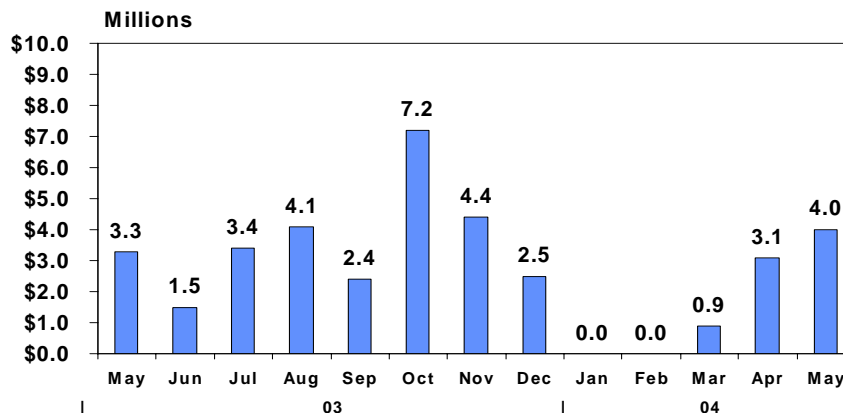
OPERATING EXPENSE

May 03 – May 04



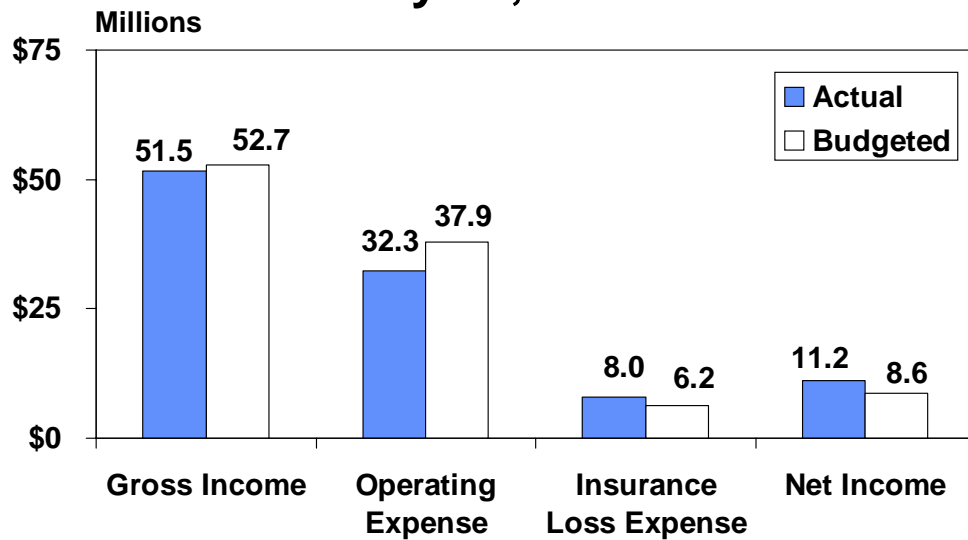
INSURANCE LOSS EXPENSE

May 03 – May 04



REVENUE AND EXPENSE

May 31, 2004



NCUSIF EQUITY RATIO

May 31, 2004

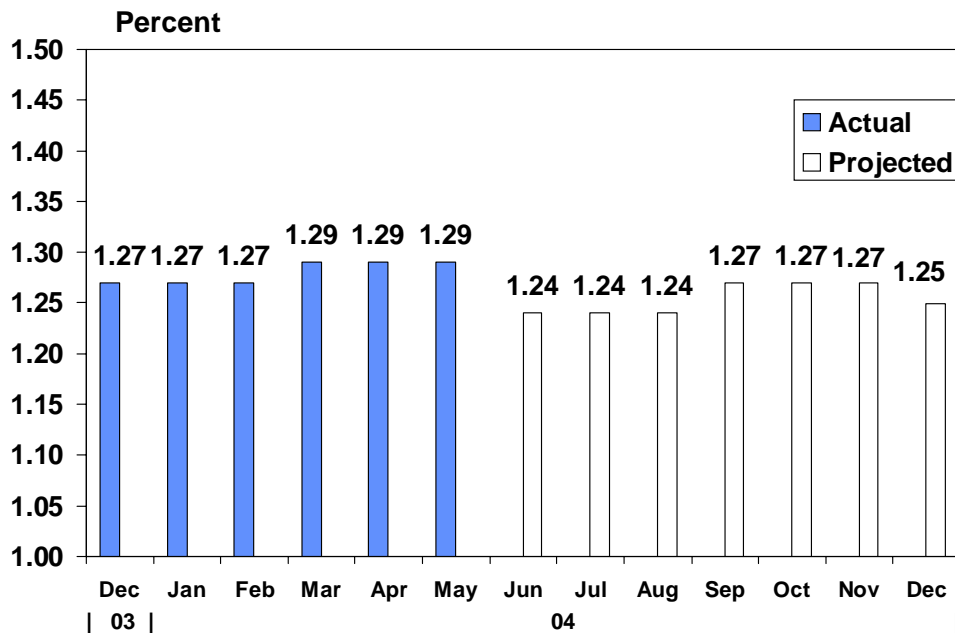


TABLE 4

INVESTMENT PORTFOLIO SUMMARY

May 31, 2004

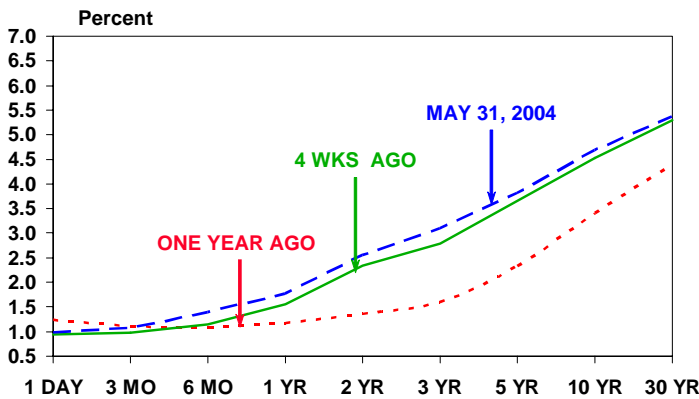
I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$531,154,000	\$531,154,000	\$0	100.0%	0.96%
U.S. Treasury Notes	\$5,637,879,837	\$5,615,750,000	(\$22,129,837)	99.6%	2.13%
TOTAL	\$6,169,033,837	\$6,146,904,000	(\$22,129,837)	99.6%	2.00%

II. INVESTMENT PORTFOLIO PERFORMANCE				
	Last Month	Current Month	CY To Date	CY04 Projections
Investment Yield	2.02%	2.05%	1.99%	2.00%
Investment Income	\$10,296,454	\$10,865,051	\$51,292,343	126 Million
Income Budgeted	\$10,500,000	\$10,500,000	\$52,500,000	126 Million
Income/Budgeted Ratio	98.1%	1.03%	97.7%	100.00%
Avg. Maturity in Days	504	484	443	

III. MONTHLY ACTIVITY				
Purchase	Type	Amount	Maturity	Yield
None				
TOTAL				

IV. MATURITY SCHEDULE (par value in millions)	
3 months or less	1,431.2
3 months - 1 year	2,000.0
1 year - 2 years	1,500.0
2 years - 3 years	600.0
3 years - 4 years	500.0
TOTAL	6,031.2

TREASURY YIELD CURVE



MATURITY SCHEDULE

May 31, 2004

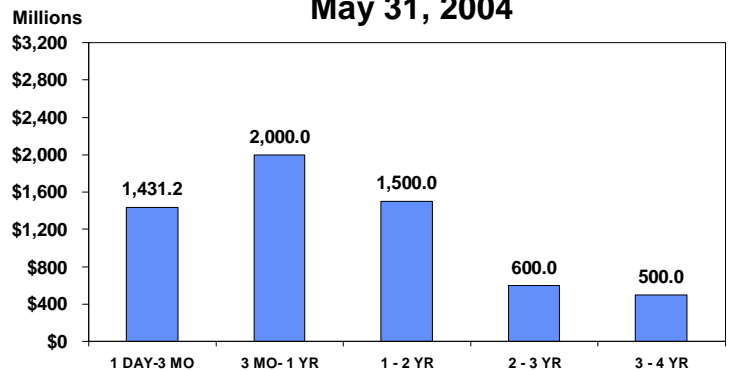


TABLE 5

INTEREST RATE COMPARISONS

May 31, 2004

INTEREST RATE COMPARISONS								
	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04
NCUSIF Yield	2.11%	2.08%	2.02%	1.98%	1.93%	1.99%	2.02%	2.05%
90 day T-Bill	0.95%	0.93%	0.93%	0.91%	0.94%	0.94%	0.97%	1.07%
1 year T-Bill	1.30%	1.38%	1.29%	1.27%	1.22%	1.20%	1.55%	1.77%
2 year T-Note	1.85%	2.07%	1.86%	1.82%	1.66%	1.59%	2.34%	2.55%
30 year T-Note	5.15%	5.14%	5.10%	4.97%	4.85%	4.79%	5.30%	5.37%

**INTEREST RATE COMPARISONS
MAY 31, 2004**

