

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 OCTOBER 31, 2003

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS
October 31, 2003

Balance Sheet:

Investments: US Government Securities — increased by \$200.3 million due primarily to the collection of one percent deposit adjustments due from credit unions on October 17.

Due from Credit Unions — of \$8.5 million represents the amount of one percent deposit adjustments due from credit unions on October 17, 2003.

Prepaid & Deferred Charges — is \$.4 million for September. \$7.5 million was transferred to the operating fund to cover 62% of the agency's operating costs. October's actual operating costs were \$7.1 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 \$74.3 million includes new reserves of \$7.2 million that were added for October.

NCUSIF Equity — remained at 1.28% for October. The equity ratio is based upon an insured share base of \$475.0 billion for June 30, 2003.

Statement of Revenue and Expense:

NCUSIF Total Operating Expense — of \$7.3 million includes \$207 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 \$7.2 million for October. \$1.5 million is an increase to the National Pool Reserve and \$5.7 million is for new reserves or reserve increases for specific problem credit unions.

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

ASSETS	OCTOBER 2002	SEPTEMBER 2003	OCTOBER 2003
Investments:			
U.S. Government Securities	\$5,508,463,357.58	\$5,835,047,449.12	\$6,035,344,599.51
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	11,816,012.24	214,588,594.00	8,498,592.67
Loans due to NCUSIF	0.00	1,711,419.24	1,711,419.24
Recoveries from Liq. CU	19,082,985.69	15,229,147.75	13,968,297.69
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Total Other Receivables	30,898,997.93	231,529,160.99	24,178,309.60
Cash	7,617,656.44	6,088,175.58	5,413.35
Interest Receivable	92,177,017.64	57,268,666.13	70,667,813.51
Prepaid & Deferred Charges	(214,766.62)	696,176.39	368,978.70
Leased Assets	250,408.59	956,379.71	921,797.75
Other	29,300,425.66	26,818,750.74	26,707,005.95
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TOTAL ASSETS	\$5,668,493,097.22	\$6,158,404,758.66	\$6,158,193,918.37
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LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$9,797,766.47	\$12,259,940.35	\$8,268,391.83
Other	1,627.08	16,097.84	5,320.41
Check Clearing Accounts	1,452.90	487.44	198.71
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	9,800,846.45	12,276,525.63	8,273,910.95
Provision for CU Losses (Reserves)	45,355,118.33	66,809,414.61	74,286,492.74
Lease Liabilities	162,565.28	1,037,991.96	933,516.62
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TOTAL LIABILITIES	55,318,530.06	\$80,123,932.20	\$83,493,920.31
EQUITY			
CU Contributed Capital	4,287,639,200.26	\$4,704,447,037.73	\$4,704,379,797.60
Retained Earnings	1,325,535,366.90	1,373,833,788.73	1,370,320,200.46
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TOTAL EQUITY	5,613,174,567.16	\$6,078,280,826.46	\$6,074,699,998.06
TOTAL LIABILITIES & EQUITY	\$5,668,493,097.22	\$6,158,404,758.66	\$6,158,193,918.37
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending October 31, 2003

	OCT 02	SEP 03	OCT 03
1. Investments/Total Assets	97.18%	94.75%	98.01%
2. Total Equity/Insured Shares	1.29%	1.28%	1.28%
3. Prov. for Losses/CU Capital	1.06%	1.42%	1.58%
4. Non-Earning/Total Assets	2.31%	4.88%	1.56%
5. Available Asset Ratio	1.28%	1.22%	1.26%

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

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	FY TO DATE 2003	FY TO DATE BUDGETED 2003	FY TO DATE 2002
Investment Income	\$10,959,602.56	\$14,100,000.00	\$130,077,522.37	\$143,600,000.00	\$180,922,878.73
Other Income	50,073.20	75,000.00	684,029.91	765,000.00	1,057,214.16
Total Income	11,009,675.76	14,175,000.00	130,761,552.28	144,365,000.00	181,980,092.89
EXPENSE					
Employee Pay	4,427,485.49	4,854,127.30	\$43,501,937.66	46,049,469.76	44,091,753.95
Employee Benefits	1,014,046.26	1,189,849.24	\$10,280,807.86	11,317,478.60	10,240,612.59
Employee Travel	609,414.64	660,211.55	\$5,121,290.87	6,602,115.45	5,522,978.07
Rent/Communications/Utilities	195,921.20	227,221.49	\$2,033,056.77	2,272,214.90	1,978,220.87
Administrative Costs	517,941.37	587,928.34	\$4,210,782.04	5,879,283.42	4,467,274.10
Contracted Services	366,212.34	350,523.95	\$2,314,544.26	3,505,239.47	2,344,373.25
Subtotal NCUA Operating Exp.	7,131,021.30	7,869,861.87	67,462,419.46	75,625,801.60	68,645,212.83
AMAC Expense	0.00	1,250.00	26,943.46	12,500.00	5,075.79
Training Expense	168,260.53	100,000.00	1,109,118.53	1,000,000.00	1,148,799.94
Leasing Expense	35,980.15	49,400.00	481,971.47	494,000.00	521,847.17
Other Insurance Expense	2,909.05	17,500.00	141,469.70	175,000.00	174,934.42
Total Operating Exp.	7,338,171.03	8,038,011.87	69,221,922.62	77,307,301.60	70,495,870.15
Insurance Loss	7,185,093.00	2,000,000.00	31,146,561.73	20,000,000.00	9,277,510.00
Total Expense	14,523,264.03	10,038,011.87	100,368,484.35	97,307,301.60	79,773,380.15
NET INCOME	(\$3,513,588.27)	\$4,136,988.13	\$30,393,067.93	\$47,057,698.40	\$102,206,712.74
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					
			30,393,067.93		102,206,712.74
Dividends					
			1,370,320,200.46		1,325,535,366.90
			0.00		0.00
Retained Earnings, End of Year					
			\$1,370,320,200.46		\$1,325,535,366.90

Comparative Analysis of NCUSIF Ratios for October 31, 2003

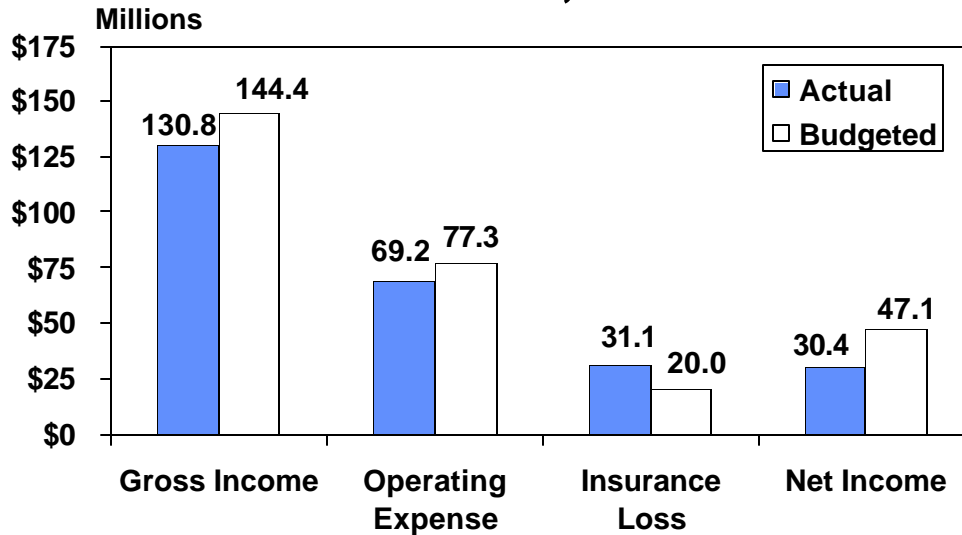
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR FYTD	CURRENT FYTD
1. Oper. Exp./Total Income	63.97%	66.65%	38.74%	52.94%
2. Ins. Loss/Total Income	22.65%	65.26%	5.10%	23.82%
3. Total Exp./Total Income	86.63%	131.91%	43.84%	76.76%
4. Net Income/Total Income	13.37%	-31.91%	56.16%	23.24%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.01%

TABLE 3 - STATEMENT OF CASH FLOWS
October 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$128,582,555.58
Other income received	(1,027,389.33)
Cash paid for operating expenses	(100,922,447.47)
Net cash (paid) received for insurance losses	<u>30,232,389.27</u>
Net cash provided by operating activities	56,865,108.05
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(491,603,798.11)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>2,325,679.67</u>
Net cash provided by (used in) investing activities	(489,278,118.44)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	432,412,616.39
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	432,412,616.39
NET INCREASE (DECREASE) IN CASH	(394.00)
CASH, BEGINNING OF YEAR	5,807.35
CASH, ENDING October 31, 2003	<u><u>\$5,413.35</u></u>

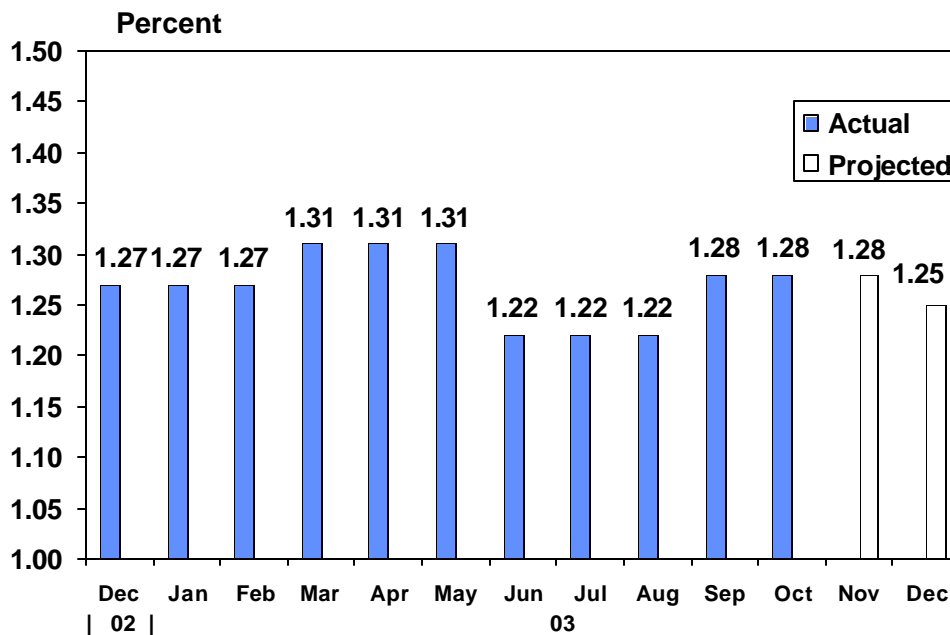
REVENUE AND EXPENSE

October 31, 2003



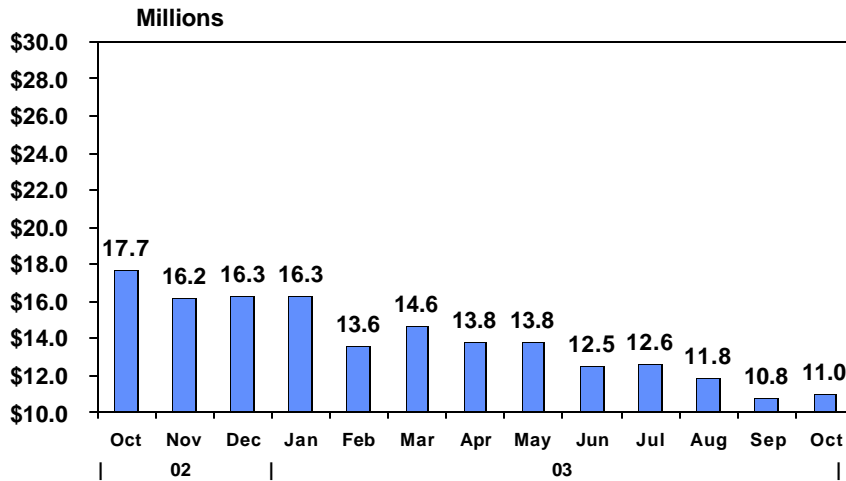
NCUSIF EQUITY RATIO

October 31, 2003



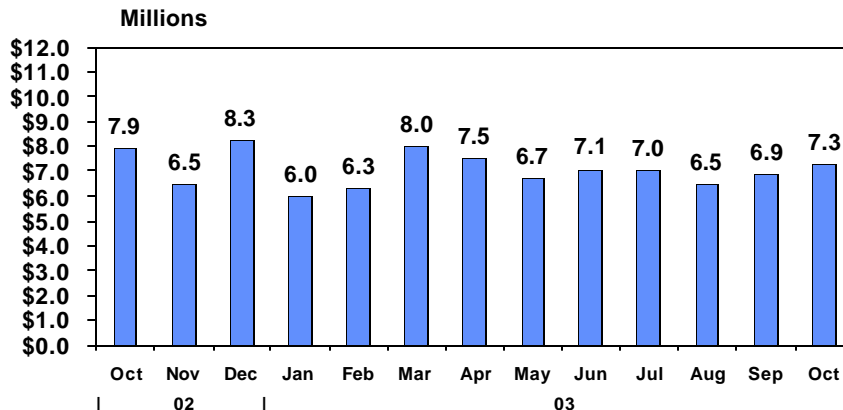
GROSS INCOME

October 02 – October 03



OPERATING EXPENSES

October 02 – October 03



INSURANCE LOSSES

October 02 – October 03

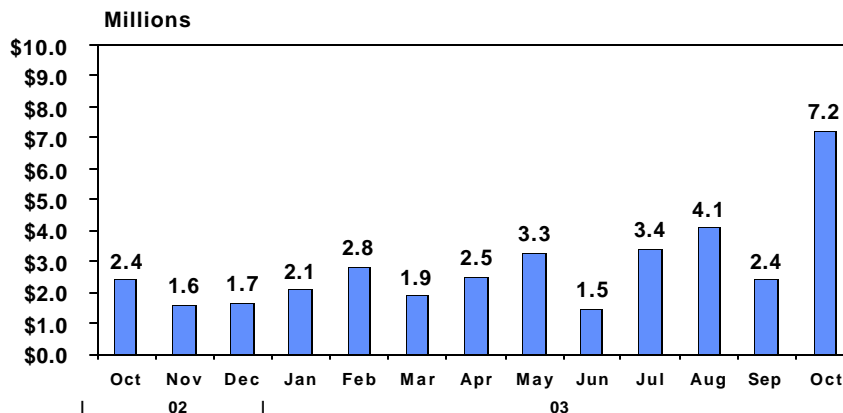


TABLE 4

INVESTMENT PORTFOLIO SUMMARY

October 31, 2003

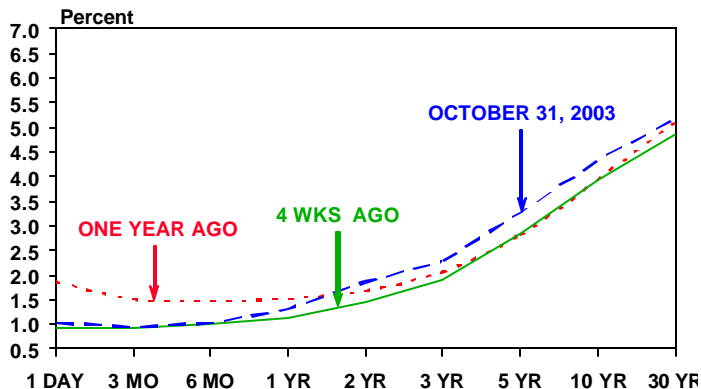
I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$1,215,591,000	\$1,215,591,000	\$0	100.0%	0.99%
U.S. Treasury Notes	\$4,819,753,600	\$4,847,812,500	\$28,058,900	100.6%	2.18%
TOTAL	\$6,035,344,600	\$6,063,403,500	\$28,058,900	100.5%	2.06%

II. INVESTMENT PORTFOLIO PERFORMANCE				
	Last Month	Current Month	CY To Date	CY03 Projections
Investment Yield	2.21%	2.11%	2.69%	3.00%
Investment Income	\$10,732,896	\$10,959,603	\$130,077,522	172 Million
Income Budgeted	\$14,100,000	\$14,100,000	\$143,600,000	172 Million
Income/Budgeted Ratio	76.1%	77.7%	90.6%	100.00%
Avg. Maturity in Days	350	372	347	

III. MONTHLY ACTIVITY				
Purchase	Type	Amount	Maturity	Yield
10/27/2003	T-Note	\$200,000,000	12/31/2004	1.36%
10/27/2003	T-Note	\$200,000,000	2/28/2005	1.42%
10/27/2003	T-Note	\$200,000,000	3/31/2005	1.48%
10/27/2003	T-Note	\$100,000,000	6/30/2005	1.61%
10/27/2003	T-Note	\$100,000,000	7/31/2005	1.67%
10/27/2003	T-Note	\$100,000,000	9/30/2005	1.77%
TOTAL		\$900,000,000		

IV. MATURITY SCHEDULE (par value in millions)	
3 months or less	1,815.6
3 months - 1 year	1,700.0
1 year - 2 years	2,100.0
2 years - 3 years	300.0
3 years - 4 years	0.0
TOTAL	5,915.6

TREASURY YIELD CURVE



MATURITY SCHEDULE

October 31, 2003

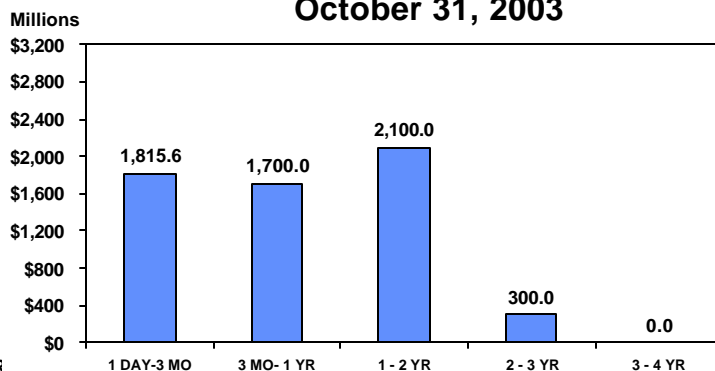


TABLE 5

INTEREST RATE COMPARISONS

October 31, 2003

INTEREST RATE COMPARISONS								
	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03
NCUSIF Yield	3.01%	2.88%	2.76%	2.58%	2.52%	2.35%	2.21%	2.11%
90 day T-Bill	1.11%	1.11%	1.10%	0.89%	0.94%	0.96%	0.91%	0.95%
1 year T-Bill	1.24%	1.24%	1.17%	1.06%	1.33%	1.38%	1.15%	1.30%
2 year T-Note	1.50%	1.47%	1.35%	1.29%	1.92%	2.04%	1.47%	1.85%
30 year T-Note	4.81%	4.75%	4.39%	4.55%	5.46%	5.30%	4.88%	5.15%

**INTEREST RATE COMPARISONS
OCTOBER 31, 2003**

