2002 Annual Report

National Credit Union Administration

ncua's mission

Formed to serve and protect

NCUA's mission is to foster the safety and soundness of federally insured credit unions and to better enable the credit union community to extend credit for productive and provident purposes to all Americans, particularly those of modest means.

NCUA strives to ensure that credit unions are empowered to make the necessary business decisions to serve the diverse needs of their members and potential members. We do this by establishing a regulatory environment that encourages innovation, flexibility and a continued focus on attracting new members and improving service to existing members.

financial highlights 2002

NCUA Operating Fund	
Operating fee revenue	$ 53.8 million
Other income	.8 million
Total revenue	54.6 million
Expense budget	147.0 million
Actual expenses	134.2 million
Expenses transferred to Share Insurance Fund	83.2 million
Operating Fund expenses	51.0 million
Net income (loss)	3.6 million
Operating Fund balance	9.7 million
National Credit Union Share Insurance Fund	
Total revenue	$ 214.5 million
Operating expenses	85.4 million
Insurance loss expense	12.5 million
Net income	116.6 million
Reserve for losses	47.5 million
Fund balance	5.6 billion
Equity ratio (fund balance as percentage of insured deposits)	1.27 percent
Central Liquidity Facility	
Net income before dividends and interest on deposits	$ 21.8 million
Dividends and interest on deposits	21.8 million
Total assets	1.09 billion
Retained earnings	11.4 million
Capital stock	1.06 billion
Federally Insured Credit Unions	
Number of credit unions	9,688
Total assets	$ 557.1 billion
Total insured shares	441.5 billion
Total loans	342.6 billion
Net worth to assets	10.7 percent
Share growth	9.6 percent
Ratio of loans to shares	70.8 percent
Delinquency ratio	0.80 percent
Net income (before reserve transfers)	1.07 percent

contents

The National Credit Union Administration (NCUA) is the independent federal agency that charters, supervises and insures the nation's federal credit unions, and it insures many state-chartered credit unions. NCUA is funded by the credit unions it supervises and insures.

The 2002 NCUA Annual Report is this agency's official report to the President and the Congress of the United States. The report includes the financial statements of the NCUA Operating Fund, the National Credit Union Share Insurance Fund and the Central Liquidity Facility.

NCUA, 1775 Duke Street, Alexandria, Va., 22314-3428 703-518-6300 http://www.ncua.gov

Chairman Dennis Dollar

Board Member Deborah Matz

Vice Chair JoAnn M. Johnson

board statement

2002 marks positive accomplishments

In 2002, the National Credit Union Administration and America's credit unions once again demonstrated what can only be considered a results-oriented year of positive accomplishments. With NCUA's continued commitment toward the empowerment of credit unions through innovation and the fostering of a regulatory environment which promotes flexibility within the bounds of safety and soundness, the strong record of commitment by credit unions in serving their members, coupled with their solid financial performance, has the nation's credit union system poised for ongoing consumer acceptance, managed growth and long-term stability.

In our roles as both regulator and insurer, our foremost responsibility and commitment is the overall safety and soundness of America's credit union system. This commitment is reflected in the impressive record of performance recorded by federally insured credit unions in 2002. During 2002, credit union assets and shares grew to $557 billion and $484 billion respectively. Net worth significantly increased to a record $5.61 billion or a 10.71% net worth to assets ratio. Membership in America's credit unions continued to grow, resulting in over 81 million credit union members nationwide by year's end.

NCUA's national initiative – Access Across America – designed to create economic empowerment for people and communities in need of a cost-effective financial partner and provider as they strive to achieve the American Dream of financial self-sufficiency and homeownership once again delivered impressive results. Building on previous successes and through the involvement of a significant number of public and private partners, the initiative resulted in the addition of 23.5 million potential members to credit union fields of membership from designated underserved areas across the country. Representing the strongest one-year performance in the agency's history, 223 federal credit unions adopted 424 underserved areas. In fact, in just three years there have been over 40 million Americans who were previously without access to affordable financial products and services who now find themselves eligible to join a credit union as a result of Access Across America.

Through such innovative initiatives as RegFlex and the recently implemented risk-focused examination schedule and program, NCUA's ongoing transformation from a "one size fits all" regulatory approach to one that is more appropriately risk-based continued to produce measurable results. As of December 31, 2002, there were 3,650 federal credit unions (representing 61% of all federal credit unions) that earned the RegFlex designation, which allows strongly-capitalized, well-managed credit unions greater autonomy to make specified business decisions resulting in the enhancement and expansion of member services and products. The successful implementation of risk-focused examinations, combined with required submissions of quarterly call reports by all federally insured credit unions, has significantly enabled NCUA to more effectively monitor risk within the credit union system.

Emphasis on greater openness in the development of the agency's budget was again evident and effectively demonstrated with NCUA conducting its second annual Public Forum and Budget Briefing which provided stakeholders an enhanced opportunity to have meaningful input in the agency's budget process.

Effectively improving the overall efficiency of the agency, NCUA's Accountability in Management (AIM) initiative exceeded the goal for a reduction in staffing levels and reallocation in resources of regional and several general office departments.

Looking ahead, NCUA will continue to seize the opportunities which enable us to embark on the ongoing challenge of maintaining the highest standards of safety and soundness even as we work to facilitate the ability of credit unions to extend affordable financial products and services to more Americans from all walks of life.

administration

Managing for change yields results

2002 was an outstanding year for NCUA and federally insured credit unions. As credit unions responded to the Access Across America initiative by expanding their fields of membership to broaden potential member base, they also continued to solidify a strong capital base and add innovative services to meet members' needs and expectations.

Risk-focused exam introduced

Strategically, NCUA already had policies and procedures in place to address the rapidly changing credit union environment. Most significant, after three years of development, the risk-focused examination (RFE) was fully implemented in 2002. The RFE allows frontline examiners to focus on each credit union's major risk areas, tailoring examinations to each credit union's specifics and resulting in a more efficient use of agency resources. Overall, the RFE has improved how NCUA identifies and addresses safety and soundness issues. Implementing the new procedures followed a lengthy period of testing and the extensive training of all federal and state examiners during summer training conferences.

Budget reduced in 2003

NCUA also carefully projected budget and staffing resources necessary to transition to the risk-focused examination and extended examination cycle. In 2002, a number of central offices consolidated and several senior management positions were eliminated, resulting in material savings. Additionally, through aggressive reviews, primarily the second phase of the Accountability in Management (AIM) study initiated by Chairman Dollar in 2001, the Board approved a budget for 2003 that is $887,550 less than the 2002 approved budget and reduces staff by another 24 positions, or nearly 7.5 percent (78 positions) from the 2000 authorized level.

The budgetary process utilized in 2001 and 2002 illustrates the NCUA Board's commitment to operate NCUA at a level no greater than required to meet all mission objectives. Adopting the open budget process serves to underscore the agency's recognition of our continued responsibility to share all material budgetary considerations with our stakeholders.

Regions will consolidate

The AIM study, as well as other reviews, concluded NCUA could continue to improve service to stakeholders at reduced staffing levels and cost. As a result, the NCUA Board approved a regional restructuring and realignment that includes closing the Region IV office in Chicago, Illinois, and relocating the Region VI office in Concord, California, to Phoenix, Arizona. The resulting restructure of our five regions will begin in 2003 and most likely conclude in 2004.

Over 10 years, this restructuring should save NCUA approximately $27 million. Importantly, through planning, the impact on staff will be minimal even as the agency continues to lower the overall staffing to its lowest authorized level in more than a decade.

The ability to easily shift to new priorities, unexpected challenges and the ever increasing workload demand rests almost entirely on the professionalism of staff. It is easy to see why NCUA can adapt to change and not lose a beat. The credit belongs with management leadership and the hard working, dedicated and loyal NCUA staff. No finer staff exists in the Federal government.

In the future

NCUA remains committed to a regulatory approach that encourages credit union innovation and ability to effectively compete in the financial marketplace. We intend to remain true to a budget process that emphasizes open and frequent lines of communication with our stakeholders, controls budget growth and identifies ways to improve efficiencies. Operationally, NCUA will continue to work in full partnership with state regulators to ensure that federally insured credit unions remain safe and sound.

Increasing awareness of and planning for national security will be a top priority as will Board consideration of new field of membership changes consistent with the statute and allowing for future credit union industry growth.

NCUA anticipates 2003 will be a year with maturation and revisions to the RFE and flexible examination program.

Finally, NCUA will not alter our practice of recruiting and retaining competent, professional staff. Our responsibility remains to provide the best training and equipment available to federal and state examiners to ensure they are professionally trained and prepared to examine federally insured credit unions in a productive, cost efficient manner.

supervision

Risk-focused program underway

After three years of conceptualizing, planning and testing, the risk-focused program was implemented during 2002. This program replaces NCUA's previous examination and supervision program and enables the agency to allocate resources to areas representing the greatest risk to credit unions and to the National Credit Union Share Insurance Fund (NCUSIF).

The risk-focused examination is one piece of the program. The entire program establishes a system of continuous supervision by:

- Collecting quarterly call reports,
- Encouraging dialogue between credit unions and examiners,
- Establishing a risk-based examination schedule,
- Developing staff experts in specific subject matters, and
- Enabling the agency to plan for future credit union and NCUSIF risks.

Risk-based examination scheduling started in 2001. It allows qualified credit unions to receive two examinations in three years rather than one each year. Quarterly call report collection for all credit unions began with the September 2002 cycle. Credit unions under $50 million in assets now submit a short form during the March and September reporting cycles capturing essential financial and tracking information. Quarterly data collection allows NCUA to supervise all federal credit unions using close to current financial and trend information.

With ongoing communication between the examiner and the credit union and the review of frequent call reports, the examiner is able to scope the degree of review necessary during an examination.

Risk-focused examinations

The examiner develops a scope of review based on a preliminary assessment of risk. Risk is categorized into the following areas:

- Credit
- Interest Rate
- Liquidity
- Transaction
- Compliance
- Strategic
- Reputation

The examiner assigns a rating of high, moderate or low to each risk area using the tools available to reach preliminary ratings. The tools include ongoing dialogue with credit union management and review of pertinent financial information – call reports, knowledge of the economic environment affecting the credit union and previous examination and audit reports.

Based on preliminary ratings, the examiner establishes examination procedures specific to each credit union. As the examiner reviews the credit union management's ability to identify, control and monitor risk, the examiner refines the scope of review – limiting transactional-type reviews when appropriate.

During the risk-focused examination pilot program conducted during 2001, NCUA found larger, more sophisticated credit unions had a control system limiting the need for transactional-type reviews by examiners. Smaller credit unions, with limited staffing, did not always have a system of controls, and NCUA staff often performed exams similar to the former examination process. The focus of review on management's identification, measurement, monitoring and controlling risk process allows NCUA to look forward to potential risks.

When performing examinations, examiners may find preliminary risk ratings are inaccurate. After analysis, the examiner may assign final risk ratings that vary from preliminary ratings.

Examiners still provide a written report at the conclusion of an examination. The report is written specifically for each credit union and focuses only on significant areas. The examiner also issues a CAMEL rating based on risks present and any mitigating procedures the credit union has in place. Formal joint conferences with the credit union's board of directors are optional for CAMEL 1 or 2 rated credit unions.

Staff training

All NCUA examiner and regional office staff received training on the new examination procedures during regional conferences held in August 2002. The examiners were trained to identify risk, plan and scope an examination, write reports, accomodate changes to the automated examination program and documenting and changing risk ratings.

NCUA also trained about 450 state examiners. Most states use NCUA's examination program in supervising their credit unions. The risk-focused examination program procedures will be used in all states that use NCUA's program.

Subject focused examiners

Placing a focus on risk requires focusing on resources as well. It becomes important for the agency to have staff with basic knowledge in specific areas rather than general knowledge in all credit union operational areas. This piece of the program will take several years to develop. The initial phase began in 2002. While all examiners will continue to attend NCUA's initial training program, they will now participate in training and examination opportunities that develop knowledge in specific areas. This program will allocate appropriate staff resources to examinations with risk in a specific area.

In summary

The change to a risk-focused exam program is beneficial to both credit unions and NCUA. Credit unions benefit from an examination specifically targeted to find risks and potential risks. NCUA benefits by allocating its resources to areas with higher or increasing risk. Working together, credit unions and NCUA will better identify and address emerging risks in a proactive and forward-looking manner through its risk-focused examination and supervision program.

public affairs and legislation

Capitol Hill highlights

Board members confirmed

The highlight of NCUA's legislative year occurred March 22, 2002, when the U.S. Senate confirmed JoAnn Johnson and Deborah Matz, both serving as interim appointees, to join Chairman Dennis Dollar to complete the three-member NCUA Board. The many occasions to visit with the members of the Senate committee leading up to the confirmation hearing provided our new Board Members with some first-hand guidance and opinions from the policymakers serving in their advise and consent role for presidential appointments.

Legislative initiatives

The Members of the U.S. House of Representatives kept NCUA busy with several legislative initiatives. NCUA contributed to the *Financial Services Regulatory Relief Act*. Chairman Dollar testified March 14 before the House Subcommittee on Financial Institutions and Consumer Credit. While the measure proceeded through more legislative steps and other committees, it emerged with five of the six NCUA recommendations intact and several other positive credit union provisions in place. The legislation was not finalized but serves as the beginning of our legislative agenda in 2003. Deposit insurance (in our case share insurance) reform legislation was considered, but also awaits renewed attention in 2003.

NCUA maintains an active presence on Capitol Hill to best serve the interests of the agency and the credit union movement. A complete status report of legislation affecting credit unions in the 107th Congress can be found on the NCUA website at
http://www.ncua.gov/news/legislation/legislation.html

Recognizing the value of NCUA

Everything NCUA does as an agency should in some way elevate the value credit unions receive from their relationship with NCUA and ultimately flow to credit union members. The value of this relationship should not only be apparent to credit union management and members but to the general public as well. The Office of Public and Congressional Affairs keeps this very much in mind in the course of our business. We were privileged to serve the agency, Chairman Dollar, Board Members Johnson and Matz and credit unions in 2002 by communicating and advancing individual issues that together contribute to the strength and benefits imparted by the NCUA to those who depend on us.

In 2002, the Office of Public and Congressional Affairs implemented a public service announcement (PSA) program. One way NCUA can help credit unions is to better explain how NCUA adds value to their daily operations and protects credit union member accounts through the National Credit Union Share Insurance Fund. Credits unions understand this value, we know, but the general public must recognize it too. NCUA's public service announcements are designed to raise the public profile of NCUA and federal share insurance. In 2002, 5,000 radio stations across the country received NCUA PSA messages and NCUA will now routinely employ this public awareness tool.

Each day in the Office of Public and Congressional Affairs (PACA) brings opportunities to share information about NCUA. We reach out to our many publics – credit union management and volunteers, members, media, Congress, leagues and even our own staff – to communicate current issues. The NCUA News, a newsletter produced by PACA sent to nearly 10,000 credit unions, keeps everyone informed about the most recent NCUA Board decisions, meetings, events and information important to our stakeholders.

Integrity, safety and soundness

The agency's primary mission is to ensure the safety and soundness of federal and federally insured credit unions. This is accomplished through laws, regulations and examinations that establish and preserve standards that are essential to maintaining public confidence in credit unions. In 2002, current and new members rushed to place their savings in credit unions when many other organizations failed to live up to their expectations. The investment in fair and effective regulation and supervision proved to have value, a dividend in itself for credit unions in 2002. When problems did occur, NCUA was there to help provide solutions, confirming the message we like to send -- your federal credit union and federally insured savings are well protected by NCUA.

Empowerment

Chairman Dollar created the Access Across America initiative in 2002 to encourage economic empowerment for people from all walks of life. PACA did its part to make this a high profile effort.

The RegFlex empowerment message became effective in the first quarter of 2002, allowing some 3,500 well-capitalized credit unions to be more independent with certain operational regulations unrelated to safety and soundness.

Openness to stakeholders

Informing nearly 10,000 credit unions and as many of the 80 million credit union members as are interested about one agency is a constant challenge. Our website – http://www.ncua.gov/ – provides easy access to NCUA's most helpful, detailed and current information. And, we continually strive to improve the presentation.

Beyond making a plethora of information available on the Internet and routinely releasing information to the public through the media, NCUA also opened the annual budget and strategic planning processes to comments and criticisms. NCUA held its second annual NCUA Budget Forum in fall 2002, and the largely internal strategic planning process was opened for stakeholder input much earlier in the process in 2002.

The cumulative message the Office of Public and Congressional Affairs intends to reflect through all Board and agency initiatives is the value NCUA provides to America's credit union movement. Effective regulation and examination builds integrity and confidence in the credit union financial system. The proven safety of savings covered by the National Credit Union Share Insurance Fund encourages the eager flow of funds into credit unions, as evidenced in 2002. Openness to our stakeholders attracts participation and the necessary interaction to build industry consensus.

strategic planning and investments

Strategic planning and investment services merge

The Office of Strategic Program Support and Planning (OSPSP) was formed in 2002 by combining the Office of Investment Services and NCUA's strategic planning program to link the agency's expertise in capital markets, research and portfolio management with strategic planning to ensure NCUA is forward-looking and responds to changes in the marketplace.

Training honed for examiner-specialist and capital market guidance

OSPSP is the agency's focal point to evaluate credit union balance sheet asset-liability management assessment. The office supports the risk-focused exam by developing examiner specialists' technical knowledge of capital markets, manages an extensive capital markets training program, develops examiner and credit union guidance and assists on exams.

OSPSP manages the regional capital market specialists program. These examiners evaluate balance sheet risk at the most sophisticated credit unions. OSPSP also leads a specialized training program for federal and state capital market subject matter examiners. In addition, in 2002 OSPSP trained over 300 examiners in investments and asset-liability management.

The office also participates in larger corporate credit union examinations and provides specialized training to corporate examiners.

Both credit unions and examiners have been aided by the detailed questionnaires and guidance OSPSP developed to evaluate a comprehensive set of balance sheet risks. The guidance is available on the NCUA website at *www.ncua.gov/ref/Investments/ALM.html*

OSPSP identified deceptive broker-dealer practices and provided extensive guidance helping credit unions avoid these problems in CD purchases. The office also evaluated credit union investment pilot programs and credit union strategies used to increase income and control balance sheet risk.

In 2003, OSPSP will continue to support the risk-focused exam program, further develop examiner knowledge of balance sheet risk assessment and address the emerging economic and financial issues of the forthcoming year.

Strategic and Annual Plans Updated

OSPSP prepared the following documents to meet Congressional requirements and support the President's Management Agenda:

- NCUA Strategic Plan 2003-2008
- NCUA Combined Annual Performance Report 2001 and Initial Annual Performance Plan 2003
- NCUA Annual Performance Plan 2003

To draft these documents, NCUA conducted over 200 focus groups across the country actively seeking issues and concerns from the credit union community.

Strategic Leadership Summit 2002

NCUA now conducts an annual strategic planning session early each year. At the 2002 strategic planning session, NCUA executives discussed the agency's future course and identified emerging issues impacting the credit union community and NCUA's examination and supervision efforts. What's more, for the first time, a credit union CEO panel was included to provide a front-line perspective on credit union community issues and concerns.

Strategic Management Council

To ensure a forward-looking, risk-focused transition, NCUA encouraged dialogue during Strategic Management Council meetings to identify and assess emerging issues. To stimulate discussion, OSPSP developed a guest speaker program that included individuals such as the Honorable Maurice McTigue, a distinguished visiting scholar from George Mason University, who served as catalysts for discussions.

Future Planning

At the NCUA Strategic Leadership Summit in January 2003, in addition to the agency's annual planning requirements, OSPSP presented a means to provide economic and environmental scans to assist in planning and identifying emerging issues. In addition to a CEO panel, NCUA heard from a former Federal Reserve Board governor and the chief economist from the Credit Union National Association. This scan of 2003 will enhance NCUA's planning process.

OSPSP is taking an active role in NCUA's risk-focused exam program for 2003 by developing a training module and examiner guidance to support the review of credit union strategic and business plans.

NCUA Strategic Goals

Strategic Goal #1 - Promote a system of financially healthy, well-managed federally insured credit unions able to withstand economic volatility.

- Execute risk focus and value added examination and supervision approach
- Identify emerging issues and trends
- Facilitate innovation, growth and development through proactive communication

Strategic Goal #2 - Ensure credit unions are prepared to safely integrate financial services and emerging technology in order to meet the changing expectations of their members.

- Facilitate the protection of member information and data
- Protect system integrity and credibility

Strategic Goal #3 - Create a regulatory environment that will facilitate credit union innovation to meet member financial service expectations.

- Protect regulatory integrity and standards
- Facilitate innovation, growth and development through regulatory flexibility

Strategic Goal #4 - Enable credit unions to leverage their unique place in the American financial services sector to make service available to all who are not currently being served, including those of modest means.

- Facilitate credit union and membership growth and development
- Facilitate Access Across America

Strategic Goal #5 - Enhance NCUA's organizational ability to serve as a proactive partner with the credit union community in addressing the challenges of the twenty-first century.

- Facilitate accountability in management
- Facilitate resource production and allocation efficiency
- Facilitate process and technology improvements
- Facilitate development of human capital

litigation, regulation and enforcement

ABA lets deadline run

The attack on NCUA's field of membership regulation came to an end in 2002 with the unanimous District of Columbia Circuit Court of Appeals decision favoring NCUA and the American Bankers Association choice not to seek Supreme Court review. The District Court and the Court of Appeals had both rejected the ABA's arguments challenging the NCUA Board's interpretation of the Credit Union Membership Access Act, and the ABA let the deadline expire without asking the U.S. Supreme Court to consider the case.

Major regulatory actions taken

The Office of General Counsel processed a variety of regulations in 2002 designed to reduce regulatory burden and enhance flexibility. Some areas with significant impact on credit union operations include field of membership and chartering, foreign branching, investment activities and the regulation governing corporate credit unions. In addition, the Office of General Counsel issued over 30 formal legal opinions on a broad range of topics including federal preemption of state law, lending, investments, credit union elections and the activities of credit union service organizations. In the coming year, regulatory actions will include revisions affecting member business loans and share insurance coverage in addition to completing regulatory initiatives begun in 2002.

Enforcement orders issued

NCUA continued to use its supervisory enforcement tools, in appropriate cases, to deal with abuses in insured credit unions. During 2002 the agency issued:

- 24 prohibition orders against current or former credit union officials or employees; and
- 5 cease and desist orders against credit unions or credit union officials.

The judicious use of NCUA enforcement powers remedy specific wrongdoing and serve as a powerful deterrent against future wrongdoing.

credit union development

Opening doors to opportunities

Fostering growth

Chairman Dennis Dollar introduced the Access Across America initiative last February to create economic empowerment through credit union access across the country in neighborhoods and communities lacking low-cost financial services.

The initiative incorporates NCUA's programs for low-income designated and small credit unions as well as encourages federal credit union expansion in underserved areas. Thanks to collaborative efforts by NCUA central and regional offices, the agency's Access Across America program is achieving wonderful results by increasing available credit union membership opportunities in low-income neighborhoods. The Office of Credit Union Development is instrumental in achieving Access Across America goals through the various programs within its purview.

Grants and loans enhance low-income credit unions

"Low-income" is an official NCUA designation granted credit unions that serve a majority of members whose annual household income falls below 80 percent of the U.S. median household income. There were 913 low-income designated credit unions (LICUs) at December 31, 2002. This designation enables credit unions to receive assistance from the Community Development Revolving Loan Fund (Fund). Administered by the NCUA Office of Credit Union Development, the Fund's objective is to provide grants and loans that improve each LICU's ability to serve its members and its community. Fund assets totaled $13.3 million at year-end 2002.

Through the Fund, LICUs can apply for up to a $300,000 loan. The Fund received 31 requests for $6.8 million in loans in 2002, and loans totaling $2.7 million were dispersed. LICUs can also apply for grants under the Fund's technical assistance program. The program received 274 requests totaling $1.6 million in 2002. In all, 230 grants totaling nearly $542,067 were dispersed in 2002. For 11 consecutive years, independent auditors have rendered unqualified opinions on Fund financial statements.

Small credit union program (SCUP)

NCUA sponsors regional programs that promote successful, financially healthy small credit unions. There are 3,796 credit unions that fall within the SCUP criteria that are eligible to participate in the program. At year-end 2002, 840 credit unions voluntarily participated in the program. During 2002, NCUA regional specialists performed 976 on-site visits providing assistance to SCUP participants. NCUA regions offered 49 workshops attended by more than 2,292 credit union officials.

Access Across America Initiative

Membership Growth: All federal credit unions may include communities in their fields of membership, without regard to location, meeting the definition of an underserved area. During 2002, over 23.5 million people in underserved areas gained access to a credit union and now have the opportunity to access affordable financial services.

Fostering Growth through Partnerships

Key federal agencies and private organizations partnered with credit unions to broaden access to affordable financial services in underserved communities in 2002. Chairman Dollar signed Memoranda of Understanding with the USDA and the IRS encouraging partnership initiatives to provide credit unions with greater resources. Additional partnerships available for credit unions are outlined in the Office of Credit Union Development's quarterly newsletter and NCUA Letters to Federal Credit Unions. Examples of partnership activities include:

- Internal Revenue Service (IRS): IRS partnered with 83 credit unions in 2002 to promote the use of IRS volunteer tax preparation services in an effort to benefit credit unions and their members.
- Department of Agriculture (USDA): USDA administers ongoing loan guarantee programs (e.g., construction of multifamily housing units; community facilities; and individual homes) accessed by financial institutions.
- Community Development Financial Institutions (CDFI): Over the past six years, the CDFI Fund invested almost $37 million in credit unions.

Workshops

The Office of Credit Union Development, with support from state credit union trade organizations, hosted two successful Access Across America Workshops. In El Paso, Texas, over 100 credit union officials took part in a workshop that focused on the resources available for credit unions serving or wishing to serve people living in the impoverished southwest U.S.—Mexico border area. Chairman Dollar and U.S. Treasurer Rosario Marin discussed the need to expand financial services.

NCUA Board Member JoAnn Johnson spoke to participants about her visit to credit unions within the "Colonias" and the opportunities credit unions provide its residents.

NCUA Board Member Matz hosted the NeighborWorks® System Workshop held in Westborough, Massachusetts. This workshop focused on sharing information on specific partnering opportunities between NeighborWorks® organizations and the credit union system.

In the Future

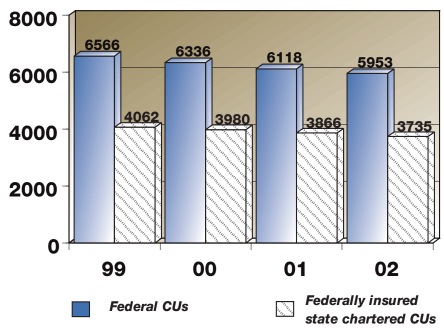
The Office of Credit Union Development will continue to foster credit union operations by –

- Expanding partnerships with public and private organizations;
- Facilitating membership and service expansion by –
  - disseminating 2000 census investment area information and
  - determining methods to improve the chartering program; and
- Providing assistance to both small and low-income credit unions.

credit union activity

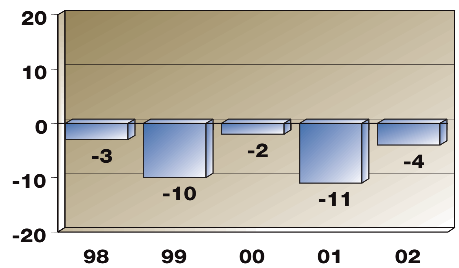
Number of federally insured CUs

December 31



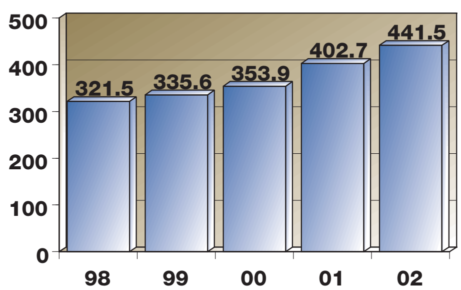
Net conversions to federal insurance

December 31



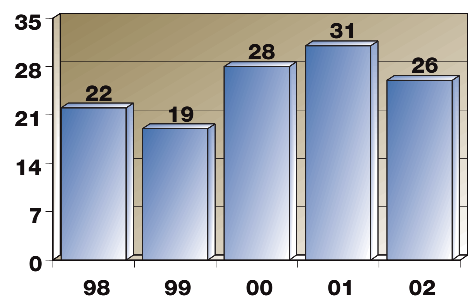
Total insured shares

December 31 (in billions of dollars)



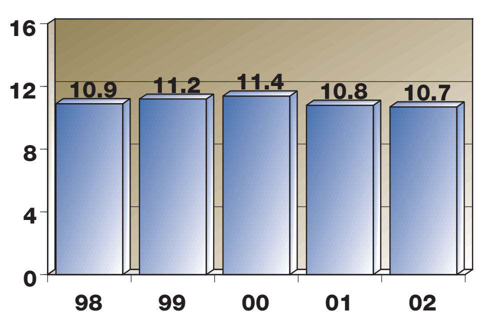
Total liquidations

December 31



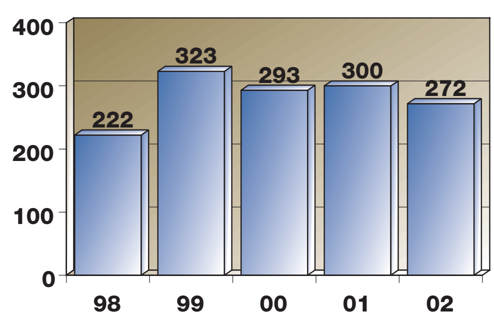
Credit union net worth ratio

December 31 (by percent)



Total mergers

December 31



insured credit union activity

Changes in federally insured credit unions
Fiscal year 2002

	Federal credit unions		Federally insured state credit unions		Total
Number January 1, 2002		6,118		3,866	9,984
Additions:					
New charters		4		2	6
Conversions	FISCU to FCU	17	FCU to FISCU	15	32
Total Additions		21		17	38
Mergers:		(151)		(121)	(272)
Assisted		(1)		(0)	(1)
Voluntary		(145)		(111)	(256)
Mergers in process		(5)		(10)	(15)
Liquidations:		(19)		(7)	(26)
Voluntary		(10)		(1)	(11)
Involuntary		(8)		(6)	(14)
Liquidations in process		(1)		(0)	(1)
Conversions		(16)		(20)	(36)
	FCU to FISCU	(15)	FISCU to FCU	(17)	(32)
	FCU to NFICU	(1)	FISCU to NFICU	(2)	(3)
	FCU to Non-CU	(0)	FISCU to Non-CU	(1)	(1)
Charters cancelled		(186)		(148)	(334)
Total, December 31, 2002		5,953		3,735	9,688
Net change		(165)		(131)	(296)

FCU = Federal credit union
FISCU = Federally insured state-chartered credit union
NFICU = Privately insured state-charteredcredit union
Non-CU = Non-credit union charter

Multiple common bond credit union expansions
January 1 - December 31, 2002

Region	I	II	III	IV	V	VI	TOTAL
Number of credit unions	170	259	271	159	171	150	1,180
Number of groups added	1,428	3,284	3,253	1,289	1,136	1,271	11,661
1-200	1,277	2,922	2,888	1,130	982	1,105	10,304
201-500	107	260	250	99	91	93	900
501-1,000	24	54	57	25	33	32	225
1,001-1,500	6	19	15	8	11	10	69
1,501-2,000	4	12	9	5	3	11	44
2,001-3,000	6	9	14	8	5	4	46
over 3,000	4	8	20	14	11	16	73
Potential new members	153,882	372,921	650,083	302,818	246,716	255,574	1,981,994
Average size of groups added	108	114	200	235	217	201	170
Applications denied	0	18	0	1	19	11	49
Deferrals*	53	262	193	6	84	38	636
Groups denied of more than 3,000	0	5	0	1	0	1	7
Groups deferred of more than 3,000	11	16	7	0	12	8	54
Largest approved[1]	12,706	30,000	61,000	34,286	36,000	20,314	

* This number represents the total number of deferrals processed upon initial receipt of an expansion request. Some initial deferrals were subsequently approved or denied.

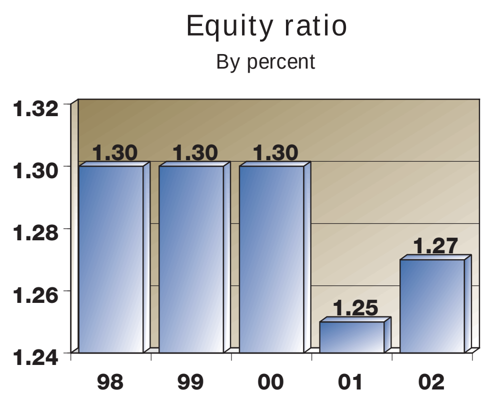
share insurance fund

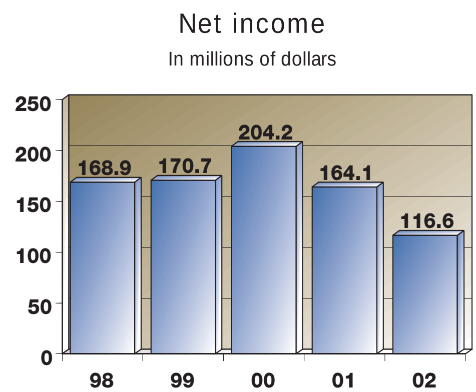
NCUSIF remains healthy and reserves increase

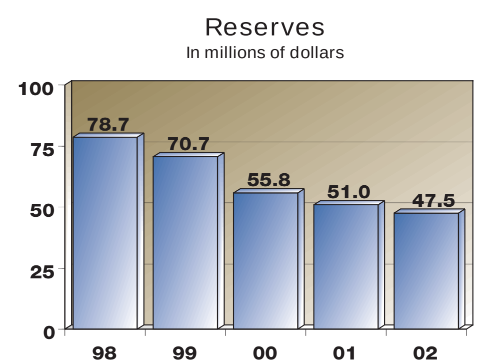
Credit unions continued strong growth during 2002. Insured shares grew 9.6 percent and the year ended with the National Credit Union Share Insurance Fund (NCUSIF) equity ratio at 1.27 percent.

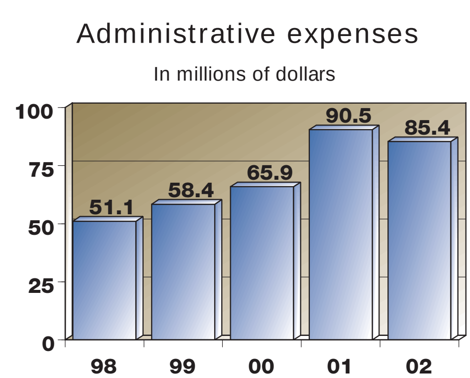
The Fund did not pay a dividend in 2002 primarily because of large share growth in insured credit unions and reduced earnings in the Share Insurance Fund investment portfolio due to interest rate reductions. During the 90s, over $500 million was returned to credit unions in the years Fund equity surpassed 1.30 percent.

Fund earnings were $214.5 million before expenses in 2002. Most earnings were derived from the NCUSIF $5.5 billion investment portfolio comprised of U.S. Treasury securities with maturities of three years or less. Operating costs of $85.4 million were $5.1 million less than 2001. This can be partially attributed to a change in the overhead transfer rate paid by the Fund. Based on the percentage of staff time spent on insurance-related activities, the rate charged to the Fund was reduced from 66.72% in 2001 to 62% in 2002. Net Fund income in 2002 was $116.6 million.









The NCUSIF ended 2002 with $47.5 million in Reserves set aside to protect against future or potential losses. The Fund added $12.5 million to build Reserves over the year. Between $1.6 and $2.7 million was added monthly, beginning in July 2002. With a goal of reaching $60 million in unallocated Fund Reserves, this is the first insurance provision increase to Reserves since 1994.

Failures remain low

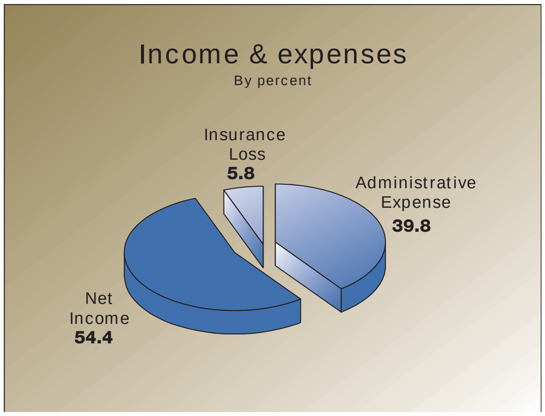
Fifteen credit unions failed during the year resulting in $16.0 million charged to Reserves. Insurance losses are incurred when loss reserves are established for institutions management considers a possible risk to the NCUSIF. Most of these credit unions are classified CAMEL code 4 or 5 institutions.

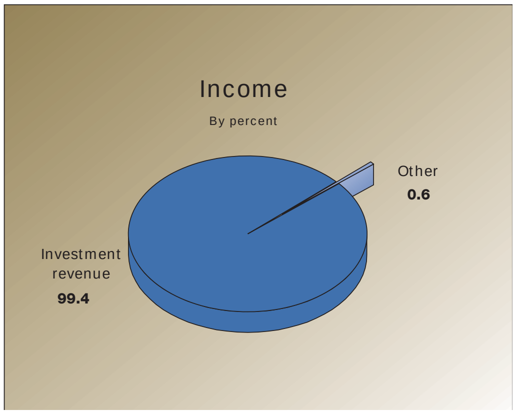
Money spent on failed institutions is charged to Reserves, not insurance losses. The number of year-end problem code credit unions increased slightly from 205 in 2001 to 211 in 2002. Insured shares in these credit unions increased from $1.7 billion in 2001 to $2.9 billion in 2002 and represented approximately .7 percent of total insured shares at year-end 2002.

Total federal insured shares grew 9.6 percent to $441.5 billion during 2002.

18th unqualified opinion earned

The NCUSIF received its 18th consecutive unqualified audit opinion on the 2002 financial statements from the independent auditors Deloitte & Touche LLP. The audited financial

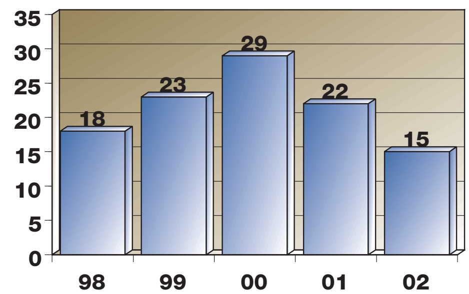




statements, accompanying footnotes and independent auditors' report appear later in this report. The NCUSIF continues to be the only federal deposit insurance fund that has its financial statements audited annually by an independent accounting firm and it is subject to audit by the General Accounting Office.

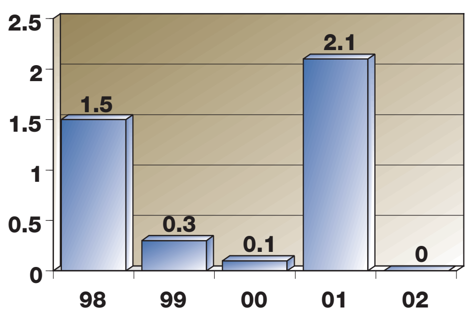
Involuntary liquidations & assisted mergers

Number of cases



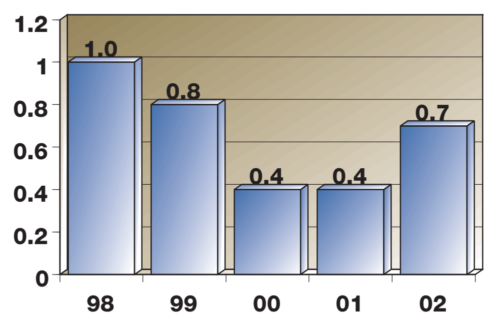
Cash assistance outstanding

In millions of dollars



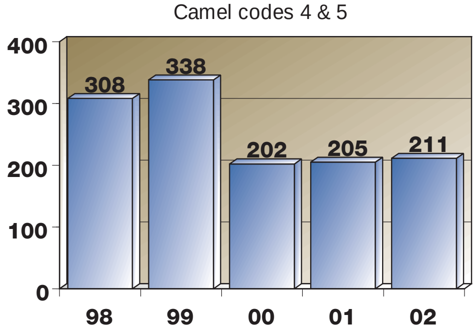
Percentage of problem shares to total insured shares

Number of cases



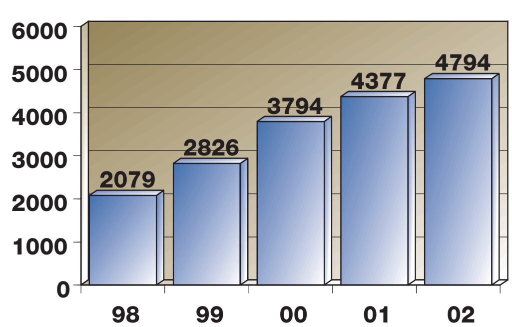
Number of Problem Credit Unions

Camel codes 4 & 5



Credit union websites

December 31



Reserves for estimated losses
(in thousands)

Fiscal year	2000	2001	2002
Reserves—beginning of fiscal year	$70,720	$55,759	$51,023
Net charges for fiscal year	(14,961)	(4,736)	(15,993)
Provision for insurance losses	0	0	12,513
Reserves—end of fiscal year	$55,759	$51,023	$47,543

Percentage of shares by CAMEL category

Category	1999	2000	2001	2002
Code 1 & 2	90.1%	92.9%	94.1%	94.1%
Code 3	9.3	6.7	5.5	5.2
Code 4	.9	0.6	0.4	0.7
Code 5	0.0	0.0	0.0	0.0
Totals	**100%**	**100%**	**100%**	**100%**

Administrative costs
(in thousands)

Fiscal year	2000	2001	2002
Direct expenses	$2,118	$1,997	$2,184
Allocated expenses	63,780	88,508	83,183
Total administrative expenses	$65,898	$90,505	$85,367
Percent of NCUA total administrative expenses	50.8%	67.2%	62.6%

Summary of CAMEL code 4 & 5 credit unions

Fiscal year	1999	2000	2001	2002
Number of Code 4 & 5 credit unions	338	202	205	211
Percentage of insured credit unions	3.2%	2.0%	2.0%	2.2%
Shares in Code 4 & 5 credit unions	$2.7b	$1.5b	$1.7b	$2.9b
Percentage of NCUSIF natural person insured shares	.80%	.42%	.43%	0.66%

Insured share growth in federally insured credit unions (in millions)

	Shares outstanding			
December 31	Federal credit unions	State credit unions	Total	Percentage change from prior year total shares
1992	142,139	87,386	229,525	14.9%
1993	149,229	91,101	240,330	4.7%
1994	155,480	92,173	247,653	3.0%
1995	164,582	96,856	261,438	5.6%
1996	173,544	101,914	275,458	5.3%
1997	178,948	114,327	293,275	6.5%
1998	191,328	130,129	321,457	9.6%
1999	194,766	140,857	335,623	4.4%
2000	195,871	157,996	353,867	5.4%
2001	217,112	185,574	402,686	13.8%
2002	238,912	202,552	441,464	9.6%

corporate credit unions

Liquidity remains high

During 2002 corporate credit unions continued to face a key challenge of 2001 -- manage excess liquidity as an unprecedented influx of funds flowed into corporate credit unions. In November 2002, aggregate assets in the corporate system exceeded $108 billion. While consumer confidence in the economy remains weak, there is no sign that a significant decrease in corporate liquidity is on the horizon. Therefore, corporates continue to be challenged to prudently manage funds, balancing the need to provide members a competitive return with the need to maintain an adequate capital level.

Revised corporate rule passed

After three years of review and analysis, two advanced notices of proposed rulemaking and two notices of proposed rulemaking, revisions to corporate rule, Part 704, were adopted. The time and resources dedicated to rewriting the rule underscore the important role corporates play in the credit union system. The final rule allows corporate credit unions to expand the products and services they offer natural person credit unions while providing a regulatory framework ensuring risks associated with operations are commensurate with the ability to appropriately manage risks. The rule recognizes corporates are unique in relation to other financial institutions. The rule also provides a mechanism whereby individual corporates can expand the desired level of operational authorities contingent upon regulatory approval.

Focus on service

The updated Part 704 rule provides corporates with a basic framework in which to operate. Within that framework, each corporate must decide which products and services their members demand and whether or not they have the financial and human resources available to provide that level of service. Some corporates may decide to continue to serve a particular market niche without expanding their product and service offerings. Other corporates will elect to provide additional products and services independently while still others will pool resources with fellow corporates to provide members with more complex, capital intensive products and services. And still others may determine members would be better served by merging their operations with another corporate. Decisions made by corporate boards during 2003 will shape the corporate credit union system for years to come.

2003 and beyond

In order to identify and effectively monitor changing risks associated with corporate operations and the impact of market variables on

continued on page 31

Federal corporate credit unions
December 31, 2002

Name	Location	Assets
Corporate One	Columbus, Ohio	$ 2,566,829,464
Eastern Corporate	Woburn, Massachusetts	1,462,832,980
Empire Corporate	Albany, New York	4,369,629,999
Kentucky Corporate	Louisville, Kentucky	434,982,636
LICU Corporate	Endicott, New York	7,661,949
Mid-Atlantic Corporate	Middletown, Pennsylvania	3,116,997,830
Mid-States Corporate	Warrenville, Illinois	4,056,586,548
Midwest Corporate	Bismarck, North Dakota	207,618,251
Minnesota Corporate	Eagan, Minnesota	751,381,635
Pacific Corporate	Honolulu, Hawaii	492,980,174
Southeast Corporate	Tallahassee, Florida	2,988,825,256
Southwest Corporate	Dallas, Texas	7,184,144,847
Tricorp Corporate	Westbrook, Maine	531,168,725
Virginia League Corporate	Lynchburg, Virginia	1,016,818,710
Western Corporate	San Dimas, California	21,117,961,298
Total		**$ 50,306,420,302**

*During 2002, Corpstar FCU merged into Empire Corporate FCU and Nebraska Corporate FCU merged into SunCorp.

Federally insured state-chartered corporate credit unions
December 31, 2002

Name	Location	Assets
Central Credit Union Fund	Auburn, Massachusetts	$ 321,217,439
Central Corporate	Southfield, Michigan	2,838,936,845
Constitution State	Wallingford, Connecticut	1,365,462,723
Corporate America (1)	Irondale, Alabama	980,083,739
First Corporate	Phoenix, Arizona	1,132,848,757
First Carolina Corporate	Greensboro, North Carolina	2,351,216,848
Georgia Central	Duluth, Georgia	1,231,873,622
Iowa League Corporate	Des Moines, Iowa	365,601,332
Kansas Corporate	Wichita, Kansas	437,932,984
Louisiana Corporate	Metairie, Louisiana	171,285,837
Missouri Corporate (2)	St. Louis, Missouri	732,650,140
Northwest Corporate	Portland, Oregon	1,207,329,902
SunCorp	Arvada, Colorado	2,523,347,722
Volunteer Corporate	Nashville, Tennessee	940,138,086
West Virginia Corporate	Parkersburg, West Virginia	249,413,231
Total		**$ 16,849,339,207**

(1) Alabama Corporate CU changed its name to Corporate America in 2002
(2) Missouri Corporate CU was approved for federal insurance in 2002

continued from page 29

the corporate system, the Office of Corporate Credit Unions (OCCU) must continue to assess and reassess its examination and supervision programs and the knowledge and skill its staff requires. OCCU's evaluation of how to better identify, monitor and address risk in the corporate system is a dynamic process. We are allocating additional staff and resources to the critical operational areas of payment and information systems. Providing advanced educational opportunities to staff will continue to be critical. The examination and supervision programs are becoming less distinct processes and more of an ongoing, dual application. OCCU's goal continues to be -- have adequate staff and procedures in place to appropriately address emerging corporate credit union issues in a competent and timely manner.

Non-federally insured corporate credit unions
December 31, 2002

Name	Location	Assets
Corporate Central (1)	Hales Corners, Wisconsin	$ 1,536,213,265
Treasure State Corporate	Helena, Montana	244,154,476
Total		**$ 1,780,367,741**
(1) Wisconsin Corporate Central CU changed its name to Corporate Central CU in 2002		
Total for all corporates (excluding U.S. Central)		**$ 68,936,127,250**
U.S. Central Credit Union	Lenexa, Kansas	$ 31,808,418,054

Key statistics on federally insured corporate credit unions
December 31, 2002 (in millions)

December 31	2000	2001	2002
Number:	32	32	31
Assets:	$37,872.7	$56,846.5	$67,155.8
Loans:	892.9	323.0	514.2
Shares:	30,953.3	50,143.6	59,054.2
Reserves:	2,828.8	3,140.2	3,613.0
Undivided earnings:	534.1	597.8	651.0
Gross income:	2,324.2	2,352.2	1,718.8
Operating expenses:	199.5	234.5	276.4
Interest on borrowed funds:	145.3	52.9	34.3
Dividends and interest:	1,883.2	1,915.3	1,278.1
Reserve transfers:	13.8	14.5	41.8
Net income:	82.4	135.0	88.1

Dollar amounts do not include U.S. Central

Significant ratios	2000	2001	2002
Reserves to assets:	7.5	5.5	5.4
Reserves and undivided earnings to assets:	8.9	6.6	6.3
Operating expenses to gross income:	8.6	9.9	16.1
Yield on assets:	6.1	4.1	2.6
Cost of funds to assets:	5.4	3.5	2.1
Gross spread:	.7	.6	.5

Ratio dollar amounts do not include U.S. Central Reserves
**Reserves include membership capital accounts and paid-in capital*

asset management and assistance center

Comprehensive responsibilities

The Asset Management and Assistance Center (AMAC) in Austin, Texas, performs the following services:

- Administers NCUA's involuntary liquidations;
- Manages and disposes of assets acquired by the Share Insurance Fund;
- Prepares and negotiates bond claims on assigned cases;
- Provides consulting services for credit unions; and
- Provides training for federal and state regulators and credit unions.

2002 accomplishments

The AMAC administered the largest liquidation that occurred since 1995 - a $24.6 million credit union liquidated.

Asset recoveries totaled $32.3 million in 2002 compared with average asset recoveries of $9.9 million in the previous four years. The 2002 recovery increase is due to the involuntary liquidation mentioned above and another $11.1 million credit union liquidation. (The average asset size credit union liquidated in the previous four years was $0.8 million. The average asset size liquidation in 2002 was $4.5 million.)

During 2002, the AMAC managed 14 involuntary liquidation and purchase and assumption cases in addition to 72 still active cases liquidated prior to 2002.

The AMAC assisted NCUA regional offices with 20 consulting assignments totaling 3,726 work hours during the year. In addition, upon request, AMAC staff provided 13 training seminars on loan underwriting and collections to credit unions and state and federal examiners.

central liquidity facility

Providing stability

Congress created the Central Liquidity Facility (CLF) with enactment of the National Credit Union Liquidity Facility Act in 1978. The CLF is a "mixed ownership Government corporation" managed by the National Credit Union Administration Board and owned by member credit unions.

The CLF serves as a back-up lender to meet unexpected liquidity needs of its members when funds are unavailable from standard credit sources. The CLF contributes to the financial stability of the credit union industry during periods of economic volatility.

CLF borrowing cap maintained

By statute, the CLF is authorized to borrow, from any source, up to 12 times its subscribed capital stock and surplus. While Congress historically restricted the CLF's borrowing limit through the annual appropriations process, since 2001 Congress has approved a $1.5 billion borrowing limit and the same amount was recommended for fiscal year 2003. Continuing the $1.5 billion cap will assure the CLF remains a reliable, effective, low cost liquidity source when credit union contingency funding sources are unavailable or inadequate.

CLF operations

The CLF paid members dividends of approximately 100 percent of net investment income after funding operating expenses for the eighth consecutive year. The average member dividend was 2.1 percent in 2002.

For the second consecutive year, credit union member loan demand did not keep pace with the influx of shares. As a result, 2002 credit union liquidity increased beyond 2001 levels.

During the year, the CLF did not receive any requests for loans. However, the CLF remains ready and able to meet the liquidity needs of the credit union system when unusual, unexpected or extreme events occur.

Clean audit opinion

The CLF received an unqualified audit opinion on its 2002 financial statements from independent auditors Deloitte & Touche LLP.

operating fund

Funding NCUA

NCUA operating costs are shared with the National Credit Union Share Insurance Fund (NCUSIF) through a monthly accounting procedure known as the overhead transfer. A study of staff time completed in 1997 showed the transfer rate to be 50 percent, and the NCUA Board approved this rate for a three-year period. Last year, a new study indicated that the rate should be changed to 62 percent. Since the NCUA Board retains the right to revisit the overhead transfer allocation on an annual basis, the rate was reevaluated in 2001 and changed to 62 percent for 2002 and 2003.

The remaining cost of operations is financed primarily through annual federal credit union operating fees, with excess cash invested in U.S. Treasury income producing securities. Miscellaneous income is provided primarily from the sale of publications.

Operating fee assessment rate declines

The operating fee assessment is calculated by applying the assessment rate scale to the previous December 31 assets of individual federal credit unions. The 2002 assessment rate was decreased by 2.13 percent after a 20.38 percent decrease in 2001. From 1994 through 1997, the operating fee assessed federal credit unions declined by 22.7 percent. In 1998, the fee was increased by 9.25 percent, the first increase since 1991. No change occured in 1999, while the fee was increased by 5.4 percent in 2000.

The Operating Fund earned total revenue of $54.6 million in fiscal year 2002. Of this amount, $53.8 million was from operating fees and the balance was from interest and other income. Total operating expenses for 2002 were $51.0 million. This was $4.8 million under the budgeted amount of $55.8 million. Most budget savings can be attributed to staff vacancies which remained under the authorized number by 3.7 percent.

The original 2002 budget projected a net loss to the Operating Fund of over $3.7 million. However, because of the budget savings incurred from vacant staff positions, excess of revenues over expenses was approximately $3.6 million in 2002.

18th consecutive unqualified opinion

For the 18th consecutive year, independent accountants rendered unqualified opinions for NCUA’s financial units. The audit reports and the comparative financial statements of the Share Insurance Fund, the Operating Fund, and the Central Liquidity Facility for fiscal years 2002 and 2001 follow:

Deloitte & Touche LLP
1750 Tysons Boulevard
McLean, VA 22102-4219

Tel: 703-251-1000
Fax: 703-251-3400
www.us.deloitte.com

Deloitte & Touche

INDEPENDENT AUDITORS' REPORT

Inspector General
National Credit Union Administration

We have audited the financial statements appearing on pages 36-55 of this Annual Report of, respectively, the National Credit Union Share Insurance Fund, the National Credit Union Administration Operating Fund, and the National Credit Union Administration Central Liquidity Facility (collectively, the "funds") as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the National Credit Union Administration's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the National Credit Union Share Insurance Fund, of the National Credit Union Administration Operating Fund, and of the National Credit Union Administration Central Liquidity Facility as of December 31, 2002 and 2001, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

February 28, 2003

NATIONAL CREDIT UNION SHARE INSURANCE FUND

BALANCE SHEETS
DECEMBER 31, 2002 AND 2001
(Dollars in Thousands)

ASSETS	**2002**	**2001**
ASSETS:		
Investments (Note 6)	$4,535,537	$3,648,578
Cash and cash equivalents	1,008,693	1,335,753
Accrued interest receivable	69,174	67,178
Capital assessment receivable	3,697	
Assets acquired in assistance to insured credit unions	15,417	10,437
Capital notes advanced to insured credit unions		2,000
Notes receivable—National Credit Union Administration Operating Fund (Note 8)	28,922	30,335
Other notes receivable and advances		173
Fixed assets—net of accumulated depreciation and amortization (Note 3)	265	1,029
TOTAL ASSETS	$5,661,705	$5,095,483

LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Estimated losses from supervised credit unions (Note 4)	$ 47,543	$ 51,023
Amounts due to insured shareholders of liquidated credit unions	6,228	6,092
Due to National Credit Union Administration Operating Fund (Note 8)	670	1,723
Accounts payable	3	64
Obligations under capital leases (Note 9)	165	793
Total liabilities	54,609	59,695
FUND BALANCE:		
Insured credit unions' accumulated contributions	4,267,169	3,812,459
Insurance fund balance	1,339,927	1,223,329
Total fund balance	5,607,096	5,035,788
TOTAL LIABILITIES AND FUND BALANCE	$5,661,705	$5,095,483

See notes to financial statements.

NATIONAL CREDIT UNION SHARE INSURANCE FUND

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2002 AND 2001
(Dollars in thousands)

	2002	2001
REVENUES:		
Interest	$ 213,252	$ 252,853
Other	1,226	1,703
Total revenues	214,478	254,556
EXPENSES (Note 8):		
Administrative expenses:		
Employee wages and benefits	65,005	66,692
Travel	6,764	8,111
Rent, communications, and utilities	2,533	2,457
Contracted services	3,241	3,910
Provision for insurance losses (Note 4)	12,513	
Other	7,824	9,335
Total expenses	97,880	90,505
EXCESS OF REVENUES OVER EXPENSES	$ 116,598	$ 164,051

STATEMENTS OF FUND BALANCE
YEARS ENDED DECEMBER 31, 2002 AND 2001
(Dollars in thousands)

	Insured Credit Unions' Accumulated Contributions	Insurance Fund Balance
BALANCE AT JANUARY 1, 2001	$3,468,932	$1,158,768
Contributions from insured credit unions	343,527	
Excess of revenues over expenses		164,051
Dividends to insured credit unions		(99,490)
BALANCE AT DECEMBER 31, 2001	3,812,459	1,223,329
Contributions from insured credit unions	454,710	
Excess of revenues over expenses		116,598
BALANCE AT DECEMBER 31, 2002	$4,267,169	$1,339,927

See notes to financial statements.

NATIONAL CREDIT UNION SHARE INSURANCE FUND

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2002 AND 2001
(Dollars in thousands)

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenues over expenses	$ 116,598	$ 164,051
Adjustments to reconcile excess of revenues over expenses to cash provided by operating activities:		
Depreciation and amortization	764	767
Reserves (recoveries) relating to losses from supervised credit unions—net	(3,480)	(4,736)
(Increase) decrease in assets:		
Accrued interest receivable	(1,996)	2,083
Capital assessment receivable	(3,697)	
Assets acquired in assistance to insured credit unions, net	(4,980)	(1,363)
Capital notes advanced to insured credit unions, net	2,000	(1,854)
Other notes receivable and advances	173	(61)
(Decrease) increase in liabilities:		
Amounts due to National Credit Union Administration Operating Fund	(1,053)	785
Amounts due to insured shareholders of liquidated credit unions	136	(1,002)
Accounts payable	(61)	57
Net cash provided by operating activities	104,404	158,727
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(2,493,156)	(1,331,406)
Proceeds from maturities of investments	1,606,197	1,165,558
Collections on note receivable—National Credit Union Administration Operating Fund	1,413	1,413
Net cash used in investing activities	(885,546)	(164,435)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions from insured credit unions	454,710	343,527
Dividends to insured credit unions		(99,490)
Principal payments under capital lease obligation	(628)	(581)
Net cash provided by financing activities	454,082	243,456
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(327,060)	237,748
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,335,753	1,098,005
CASH AND CASH EQUIVALENTS, END OF YEAR	$1,008,693	$1,335,753

See notes to financial statements.

1. ORGANIZATION AND PURPOSE

The National Credit Union Share Insurance Fund (the "Fund") was created by the Public Law 91-468 (Title II of the Federal Credit Union Act), which was amended in 1984 by Public Law 98-369. The Fund was established as a revolving fund in the United States Treasury under the management of the National Credit Union Administration ("NCUA") Board for the purpose of insuring member share deposits in all federal credit unions and in qualifying state credit unions that request insurance. The maximum amount of insurance is $100,000 per shareholder account.

NCUA exercises direct supervisory authority over federal credit unions and coordinates required supervisory involvement with the state chartering authority for state-chartered credit unions insured by the Fund. Insured credit unions are required to report certain financial and statistical information to NCUA on a semiannual or quarterly basis depending on the size of the credit union and are subject to periodic examination by NCUA. Information derived through the supervisory and examination process provides the Fund with the ability to identify credit unions experiencing financial difficulties that may require assistance from the Fund.

Credit unions experiencing financial difficulties may be assisted by the Fund in continuing their operations if these difficulties are considered by the Fund to be temporary or correctable. This special assistance may be in the form of a waiver of statutory reserve requirements, a guarantee account, and/or cash assistance. If continuation of the credit union's operations with Fund assistance is not feasible, a merger partner may be sought. If the assistance or merger alternatives are not practical, the credit union is liquidated.

The first form of special assistance is waivers of statutory reserve requirements, whereby the credit union is permitted to cease making additions to its regular reserve and, in more severe cases, to commence charging operating losses against its regular reserve. When all reserves have been depleted by the credit union, the fund may provide a reserve guarantee account in the amount of the reserve deficit. In addition, the Fund may provide cash assistance in the form of share deposits and capital notes, or may purchase assets from the credit union.

Mergers of financially troubled credit unions with stronger credit unions may also require Fund assistance. Merger assistance may be in the form of cash assistance, purchase of certain assets by the Fund, and/or guarantees of the values of certain assets (primarily loans).

When a credit union is no longer able to continue operating and the merger and assistance alternatives are not practical, the Fund will liquidate the credit union, dispose of its assets, and pay members' shares up to the maximum insured amount. The values of certain assets sold (primarily loans) are sometimes guaranteed to third-party purchasers by the Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents and Investments—Title II of the Federal Credit Union Act limits the Fund's investments to United States Government securities or securities guaranteed as to both principal and interest by the United States Government. Cash equivalents are highly liquid investments with original maturities of three months or less. All investments are classified as held-to-maturity under Statement of Financial Standards No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. Accordingly, the Fund records investments at amortized cost. Amortized cost is the face value of the securities plus the unamortized premium or less the unamortized discount.

Depreciation and Amortization—Furniture, equipment and capital leases are recorded at cost. Depreciation and amortization are computed by the straight-line method over the estimated useful lives of the furniture and equipment and the shorter of the estimated useful life or lease term for capital leases. Estimated useful lives are three years for the furniture, equipment and capital leases.

Advances to Insured Credit Unions—The Fund provides cash assistance in the form of interest and noninterest-bearing capital notes (carried at face value), share deposits, and loans to certain credit unions to assist them in continuing their operations.

Assets Acquired from Credit Unions—The Fund acquires the assets of liquidating credit unions pending their ultimate disposition. To assist in the merger of credit unions, the Fund may purchase certain credit union assets. In addition, the Fund may provide cash assistance by acquiring non-performing assets of a credit union experiencing financial difficulty. These acquired assets are maintained by the Asset Management and Assistance Center in Austin, Texas, and are recorded by the Fund at their estimated net realizable value.

Premium Revenue—The Fund may assess each insured credit union a premium charge for insurance in an amount stated as a percentage of insured shares outstanding as of December 31 of the preceding insurance year if the Fund's equity ratio is less than 1.3%. The NCUA Board waived the 2002 and 2001 share insurance premiums (see Note 5).

Income Taxes—The Fund is exempt from Federal income taxes under Section 501(c)(1) of the Internal Revenue Code.

Fair Value of Financial Instruments—The following methods and assumptions were used in estimating the fair value disclosures for financial instruments:

a. *Cash and Cash Equivalents*—The carrying amounts for cash and cash equivalents approximate fair values.

b. *Investments*—The fair value for investments is the quoted market value.

c. *Capital Notes and Other Notes Receivable*—It is not practicable to estimate the fair value of these assets as there is no secondary market. The Fund has the ability and the intention to hold these notes to maturity.

d. *Other*—Accrued interest receivable, capital assessment receivable, notes receivable from NCUA Operating Fund, payable to NCUA Operating Fund, lease obligations, due to insured shareholders of liquidated credit unions and other accounts payable are recorded at book values, which approximate the respective fair values.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions, particularly the estimated losses from supervised credit unions, that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's estimates.

Recent Accounting Pronouncements—In June 2002, Statement of Financial Accounting Standards ("SFAS") No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" was issued. This statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred rather than the date of an entity's commitment to an exit plan. The statement is effective for exit or disposal activities that are initiated after December 31, 2002. The Fund's adoption of SFAS No. 146 will have an effect on the timing of the recognition of the costs of its regional restructuring plan. Such impact is described in Note 13, Subsequent Events.

In November 2002, the Financial Accounting Standards Board issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). This interpretation elaborates on the existing disclosure requirements for most guarantees, including loan guarantees. It also clarifies that at the time an entity issues a guarantee, the entity must recognize an initial liability for the fair value of the obligations it assumes under that guarantee and must disclose that information in its financial statements. This guidance does not apply to certain guarantee contracts, such as those issued by insurance companies or for a lessee's residual value guarantee embedded in a capital lease. The initial recognition and measurement provisions of FIN 45 apply on a prospective basis to guarantees issued or modified after December 31, 2002, regardless of the guarantor's fiscal year-end. The disclosure requirements are effective for financial statements of interim or annual periods ending after December 15, 2002. The Fund does not expect the adoption of FIN 45 to have a material impact on its financial position or results of operations.

3. FIXED ASSETS

Fixed assets are comprised of the following (in thousands):

	December 31, 2002	December 31, 2001
Furniture and equipment	$ 522	$ 522
Equipment under capital leases	1,781	1,781
Total	2,303	2,303
Less: Accumulated depreciation and amortization	(2,038)	(1,274)
Total fixed assets—net	$ 265	$1,029

Accumulated amortization balances for equipment under capital leases as of December 31, 2002 and 2001, totaled $1,628,000 and $1,038,000, respectively.

4. PROVISION FOR INSURANCE LOSSES

Management identifies credit unions experiencing financial difficulty through the Fund's supervisory and examination process. The estimated losses from these supervised credit unions are determined by management on a specified case basis. Management also evaluates overall economic trends and monitors potential system-wide risk factors such as increasing levels of consumer debt, bankruptcies, and delinquencies. Nonspecified case reserve requirements are determined based upon an assessment of insured risk and historic loss experience. The anticipated losses are net of estimated recoveries from the disposition of the assets of failed credit unions.

Total insurance in force as of December 31, 2002 and 2001, is $443 billion and $404 billion, respectively, which includes natural person and corporate credit unions. The total net reserves for identified and anticipated losses from supervised credit unions' failures is $48 million and $51 million at December 31, 2002 and 2001, respectively. Should there be no recoveries provided during the resolution process, possible additional reserves for $23 million and $27 million would be required as of December 31, 2002 and 2001, respectively.

In exercising its supervisory function, the Fund will, at times, extend guarantees of assets (primarily loans) to third-party purchasers or to credit unions to facilitate mergers. The Fund would be obligated upon non-performance. Such guarantees totaled approximately $0 and $2,217,000 at December 31, 2002 and 2001, respectively. The estimated losses from asset and merger guarantees are determined by management on a case-by-case evaluation.

In addition, the Fund may grant a guaranteed line-of-credit to a third party credit provider, such as a corporate credit union or bank, if a credit union has a current or immediate liquidity concern and the credit provider has refused to extend credit without a guarantee. The Fund would be obligated if the credit union failed to perform. Total line-of-credit guarantees of credit unions at December 31, 2002 and 2001, are approximately $1,800,000 and $200,000, respectively. The total balances outstanding under these line-of-credit guarantees at December 31, 2002 and 2001, are approximately $80,000 and $77,000, respectively.

The activity in the reserves for estimated losses from supervised credit unions was as follows (in thousands):

	Year Ended December 31,	
	2002	**2001**
BEGINNING BALANCE	$51,023	$55,759
Insurance losses	(21,625)	(9,204)
Recoveries	5,632	4,468
Provision for insurance losses	12,513	
ENDING BALANCE	$47,543	$51,023

5. FUND CAPITALIZATION

The Credit Union Membership Access Act of 1998 ("CUMAA") mandated changes to the Fund's capitalization provisions effective January 1, 2000. Each insured credit union shall pay to and maintain with the Fund a deposit in an amount equaling 1% of the credit union's insured shares. The amount of each insured credit union's deposit shall be adjusted as follows, in accordance with procedures determined by the NCUA Board, to reflect changes in the credit union's insured shares: (i) annually, in the case of an insured credit union with total assets of not more than $50,000,000; and (ii) semiannually, in the case of an insured credit union with total assets of $50,000,000 or more. The annual and semiannual adjustments are based on member share deposits outstanding as of December 31 of the preceding year and June 30 of the current year, respectively. The 1% contribution will be returned to the insured credit union in the event that its insurance coverage is terminated, or is obtained from another source, or the operations of the Fund are transferred from the NCUA Board.

The CUMAA mandates certain premium charges from insured credit unions and distributions from the Fund under certain circumstances. A premium charge to insured credit unions is required if the Fund's equity ratio (as defined in the CUMAA) falls below 1.2% of insured shares. Also, pro rata distributions to insured credit unions after each calendar year are required if, as of year-end:

(i) Any loans to the Fund from the Federal Government, and any interest on those loans, have been repaid;

(ii) The Fund's equity ratio exceeds the normal operating level (as defined in the CUMAA, an equity ratio specified by the NCUA Board, which shall be not less than 1.2% and not more than 1.5%); and

(iii) The Fund's available assets ratio, as defined in the CUMAA, exceeds 1.0%.

The NCUA Board has determined that the normal operating level is 1.30% at December 31, 2002 and 2001. The calculated equity ratios at December 31, 2002 and 2001, were 1.27% and 1.25%, respectively.

Beginning in 2000, the CUMAA mandates that dividends are determined from specific ratios, which are based upon year-end reports of insured shares. Accordingly, dividends associated with insured shares at year-end are declared and paid in the subsequent year.

The NCUA Board has declared that no dividends were payable on insured shares as of December 31, 2002 and 2001, because the equity ratios, 1.27% and 1.25%, respectively, were below the normal operating level of 1.30%. Dividends of $99,490,000, which were associated with insured shares as of December 31, 2000, were declared and paid in 2001. Total insured shares as of December 31, 2002 and 2001, were $443 billion and $404 billion, respectively.

6. INVESTMENTS

All cash received by the Fund that is not used for outlays related to assistance to insured credit unions and liquidation activities is invested in U.S. Treasury securities.

Investments consist of the following (in thousands):

	December 31, 2002				
	Yield to Maturity at Market	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. TREASURY SECURITIES:					
Maturities up to one year	4.59 %	$2,224,524	$ 36,008	$ -	$2,260,532
Maturities after one year through five years	3.18 %	2,311,013	56,394		2,367,407
Total		$4,535,537	$ 92,402	$ -	$4,627,939

	December 31, 2001				
	Yield to Maturity at Market	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. TREASURY SECURITIES:					
Maturities up to one year	5.56 %	$1,515,063	$ 30,843	$ -	$1,545,906
Maturities after one year through five years	5.10 %	2,133,515	73,017		2,206,532
Total		$3,648,578	$103,860	$ -	$3,752,438

Total investment purchases during 2002 and 2001 were approximately $2.5 billion and $1.3 billion, respectively. Investment maturities during 2002 and 2001 were approximately $1.6 billion and $1.2 billion, respectively. The Fund has the capability and management has the intention to hold all investments held at December 31, 2002 and 2001, to maturity. There were no investment sales during 2002 and 2001.

7. AVAILABLE BORROWINGS

The Fund is authorized by the Federal Credit Union Act to borrow from the Treasury of the United States, upon authorization by the NCUA Board, up to a maximum of $100,000,000. The NCUA Central Liquidity Facility ("CLF") is authorized to make advances to the Fund under terms and conditions established by the NCUA Board. No borrowings were obtained from these sources during 2002 and 2001.

8. TRANSACTIONS WITH NCUA OPERATING FUND

Substantial administrative services are provided to the Fund by the NCUA Operating Fund. The NCUA Operating Fund charges the Fund for these services based on an annual allocation factor approved by the

NCUA Board derived from a study of actual usage conducted by the management of these Funds. The allocation factors were 62.00% and 66.72% to the Fund for 2002 and 2001, respectively. The cost of services provided by the NCUA Operating Fund was approximately $83,182,000 and $88,508,000 for 2002 and 2001, respectively, and includes pension contributions of approximately $6,685,000 and $6,879,000 to the Civil Service Retirement System and Federal Employees Retirement System defined benefit retirement plans for 2002 and 2001, respectively.

In 1988, the Fund entered into a $2,161,000 thirty-year unsecured term note with the NCUA Operating Fund. Interest received was approximately $46,000 and $66,000 for 2002 and 2001, respectively. The note receivable balances at December 31, 2002 and 2001, were approximately $1,098,000 and $1,170,000, respectively.

In 1992, the Fund entered into a commitment to fund up to $41,975,000 through a thirty-year secured term note with the NCUA Operating Fund. The monies were advanced to the NCUA Operating Fund as needed to fund the costs of constructing a new building. Interest income was approximately $1,164,000 and $1,629,000 for 2002 and 2001, respectively. The note receivable balances at December 31, 2002 and 2001, were approximately $27,824,000 and $29,165,000, respectively.

The above notes mature as follows (in thousands):

	Unsecured Term Note	Secured Term Note	Total
2003	$ 72	$ 1,341	$ 1,413
2004	72	1,341	1,413
2005	72	1,341	1,413
2006	72	1,341	1,413
2007	72	1,341	1,413
Thereafter	738	21,119	21,857
Total	$1,098	$27,824	$28,922

The variable rate on both term notes is equal to the Fund's prior-month yield on investments. The average interest rates during 2002 and 2001 were approximately 4.09% and 5.47%, respectively. At December 31, 2002 and 2001, the rates were 3.51% and 4.56%, respectively.

The NCUA Operating Fund leases certain office space and equipment under operating lease agreements that expire through 2007. Based on the allocation factor determined by the NCUA's Board, the Fund reimburses the NCUA Operating Fund approximately 62.00% of the total lease payments. The cost of services provided by the NCUA Operating Fund includes rental charges of approximately $625,500 and $654,500 for 2002 and 2001, respectively.

The NCUA Operating Fund's total future minimum lease payments on operating leases as of December 31, 2002, are as follows (in thousands):

2003	$ 828
2004	858
2005	346
2006	199
2007	183
Total	$2,414

9. LEASE COMMITMENTS

Description of Leasing Agreements—The Fund has entered into lease agreements with vendors for the lease of equipment that includes computers, laptops, and printers. The Fund leases computer equipment under capital lease agreements that expire through 2005.

A schedule of future minimum lease payments as of December 31, 2002, is as follows (in thousands):

2003	$162
2004	3
2005	2
Total	167
Less: Imputed interest	(2)
Present value of net minimum lease payments	$165

10. DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount and the estimated fair value of the Fund's financial instruments are as follows:

	December 31, 2002		December 31, 2001	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Investments	$ 4,535,537	$ 4,627,939	$ 3,648,578	$ 3,752,438
Cash and cash equivalents	1,008,693	1,008,693	1,335,753	1,335,753
Accrued interest receivable	69,174	69,174	67,178	67,178
Capital assessment receivable	3,697	3,697		
Notes receivable—NCUA Operating Fund	28,922	28,922	30,335	30,335
Amounts due to insured shareholders of liquidated credit unions	6,228	6,228	6,092	6,092
Due to NCUA Operating Fund	670	670	1,723	1,723
Accounts payable	3	3	64	64
Lease obligation	165	165	793	793

11. CONCENTRATIONS

There are no significant concentrations of member share deposits within any region of the United States. Concentrations of member shares do exist within the manufacturing, governmental, and educational industries.

12. CONTINGENCIES

NCUA is currently a party to a number of disputes that involve or may involve litigation. In the opinion of management, the ultimate liability with respect to these disputes, if any, will not be material to NCUA's financial position.

13. SUBSEQUENT EVENTS

NCUA announced on January 29, 2003 a regional restructuring plan, previously approved by the Board on November 21, 2002. The restructuring plan will relocate the Region VI office in Concord, California, to Phoenix, Arizona and renumber it to Region V. The plan will also close the Region IV regional office in Chicago, Illinois. The process of relocating Region VI will begin immediately and be completed no later than December 2004. Region V, located in Austin, Texas, will be renumbered to become Region IV. Credit union supervision will be aligned with the five regions, and this alignment is scheduled to become effective as of January 1, 2004.

NCUA estimates that the cost to be incurred for the regional restructuring plan will be $7,466,000, which includes relocation costs of $6,016,000 and severance costs of $980,000. The majority of the costs are anticipated to be incurred during 2003 and 2004 by the NCUA Operating Fund. Based on the allocation factors approved by the NCUA Board, the NCUA Operating Fund will charge 62.00% of the total restructuring costs, or $4,629,000, to the Fund.

* * * * * *

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND

BALANCE SHEETS
DECEMBER 31, 2002 AND 2001
(Dollars in thousands)

ASSETS

	2002	2001
ASSETS:		
Cash and cash equivalents	$18,582	$15,880
Due from National Credit Union Share Insurance Fund (Note 4)	670	1,723
Employee advances	254	529
Other accounts receivable	96	93
Prepaid expenses	97	265
Fixed assets—net of accumulated depreciation and amortization (Note 3)	36,197	38,455
Employee residences held for resale		269
TOTAL ASSETS	$55,896	$57,214

LIABILITIES AND FUND BALANCE

	2002	2001
LIABILITIES:		
Accounts payable	$ 3,311	$ 5,395
Obligations under capital leases (Note 5)	548	2,285
Accrued wages and benefits	4,987	4,798
Accrued annual leave	7,669	7,531
Accrued employee travel	776	776
Notes payable to National Credit Union Share Insurance Fund (Note 4)	28,922	30,335
Total liabilities	46,213	51,120
FUND BALANCE	9,683	6,094
TOTAL LIABILITIES AND FUND BALANCE	$55,896	$57,214

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2002 AND 2001
(Dollars in thousands)

	2002	2001
REVENUES:		
Operating fees	$53,820	$46,858
Interest	565	989
Other	188	161
Total revenues	54,573	48,008
EXPENSES (Note 4):		
Employee wages and benefits	39,842	33,266
Travel	4,146	4,046
Rent, communications, and utilities	1,553	1,226
Contracted services	1,987	1,950
Other	3,456	3,660
Total expenses	50,984	44,148
EXCESS OF REVENUES OVER EXPENSES	3,589	3,860
FUND BALANCE, BEGINNING OF YEAR	6,094	2,234
FUND BALANCE, END OF YEAR	$ 9,683	$ 6,094

See notes to financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2002 AND 2001
(Dollars in thousands)

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenues over expenses	$ 3,589	$ 3,860
Adjustments to reconcile excess of revenues over expenses to cash provided by operating activities:		
Depreciation and amortization	3,406	3,574
Loss on disposal of employee residences held for resale	16	28
Loss on disposal of fixed assets	54	9
Miscellaneous allowances	(4)	1
(Increase) decrease in assets:		
Due from National Credit Union Share Insurance Fund	1,053	(785)
Employee advances	275	134
Other accounts receivable	(3)	60
Prepaid expenses	168	164
(Decrease) increase in liabilities:		
Accounts payable	(2,084)	1,774
Accrued wages and benefits	189	306
Accrued annual leave	138	863
Accrued employee travel		9
Net cash provided by operating activities	6,797	9,997
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets and employee residences held for resale	(1,517)	(1,272)
Proceeds from sale of employee residences held for resale	595	265
Net cash used in investing activities	(922)	(1,007)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of notes payable	(1,413)	(1,413)
Principal payments under capital lease obligations	(1,760)	(1,620)
Net cash used in financing activities	(3,173)	(3,033)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,702	5,957
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	15,880	9,923
CASH AND CASH EQUIVALENTS, END OF YEAR	$18,582	$15,880

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:
Interest paid during the years ended December 31, 2002 and 2001, was $1,210 and $1,695, respectively.

SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES:
Capital lease obligations of $23 and $45 were incurred when the Fund entered into leases for new equipment during the years ended December 31, 2002 and 2001, respectively.

See notes to financial statements.

1. ORGANIZATION AND PURPOSE

The National Credit Union Administration Operating Fund (the "Fund") was created by the Federal Credit Union Act of 1934. The Fund was established as a revolving fund in the United States Treasury under the management of the National Credit Union Administration ("NCUA") Board for the purpose of providing administration and service to the Federal Credit Union System.

2. SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents—The Federal Credit Union Act permits the Fund to make investments in United States Government securities or securities guaranteed as to both principal and interest by the United States Government. Cash equivalents are highly liquid investments with original maturities of three months or less. All investments in 2002 and 2001 were cash equivalents and are stated at cost, which approximates fair value.

Depreciation and Amortization—Building, furniture and equipment, equipment under capital leases, and leasehold improvements are recorded at cost. Depreciation and amortization are computed by the straight-line method over the estimated useful lives of the building, furniture and equipment, and the shorter of the estimated useful life or lease term for leasehold improvements. Estimated useful lives are forty years for the building and three to ten years for the furniture, equipment, and leasehold improvements.

Operating Fees—The Fund assesses each federally chartered credit union an annual fee based on the credit union's asset base as of the preceding December 31. The fee is designed to cover the costs of providing administration and service to the Federal Credit Union System. The Fund recognizes this operating fee revenue ratably over the year.

Income Taxes—The Fund is exempt from Federal income taxes under Section 501(c)(1) of the Internal Revenue Code.

Fair Value of Financial Instruments—The following methods and assumptions were used in estimating the fair value disclosures for financial instruments:

> Cash and cash equivalents, receivable from National Credit Union Share Insurance Fund ("NCUSIF"), employee advances, other accounts receivable, accounts and notes payable to NCUSIF, and other accounts payable are recorded at book values, which approximate the respective fair values.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's estimates.

Disclosure About Recent Accounting Pronouncements—In June 2002, Statement of Financial Accounting Standards ("SFAS") No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*, was issued. This statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred rather than the date of an entity's commitment to an exit plan. The statement is effective for exit or disposal activities that are initiated after December 31, 2002. The Fund's adoption of SFAS No. 146 will have an effect on the timing of the recognition of the costs of its regional restructuring plan. Such impact is described in Note 9, Subsequent Events.

3. FIXED ASSETS

Fixed assets are comprised of the following (in thousands):

	2002	2001
Office building and land	$42,453	$42,419
Furniture and equipment	10,607	9,592
Equipment under capital leases	4,918	5,035
Total	57,978	57,046
Less: Accumulated depreciation and amortization	(21,781)	(18,591)
Fixed assets—net	$36,197	$38,455

Accumulated amortization balances for equipment under capital leases as of December 31, 2002 and 2001, were $4,432,000 and $2,881,000, respectively.

4. TRANSACTIONS WITH NCUSIF

Certain administrative services are provided by the Fund to NCUSIF. The Fund charges NCUSIF for these services based upon an annual allocation factor approved by the NCUA Board derived from a study of actual usage. The allocation factors were 62.00% and 66.72% to NCUSIF for 2002 and 2001, respectively. The cost of the services allocated to NCUSIF, which totaled approximately $83,182,000 and $88,508,000 for 2002 and 2001, respectively, is reflected as a reduction of the corresponding expenses in the accompanying financial statements.

In 1988, the Fund entered into a $2,161,000 thirty-year unsecured term note with NCUSIF for the purchase of a building. Interest costs incurred were approximately $46,000 and $66,000 for 2002 and 2001, respectively. The outstanding principal balances at December 31, 2002 and 2001, were $1,098,000 and $1,170,000, respectively.

In 1992, the Fund entered into a commitment to borrow up to $41,975,000 in a thirty-year secured term note with NCUSIF. The monies were drawn as needed to fund the costs of constructing a new building. Interest costs incurred were approximately $1,164,000 and $1,629,000 for 2002 and 2001, respectively. The note payable balances at December 31, 2002 and 2001, were approximately $27,824,000 and $29,165,000, respectively.

The above notes require principal repayments as follows (in thousands):

	Unsecured Term Note	Secured Term Note	Total
2003	$ 72	$ 1,341	$ 1,413
2004	72	1,341	1,413
2005	72	1,341	1,413
2006	72	1,341	1,413
2007	72	1,341	1,413
Thereafter	738	21,119	21,857
	$1,098	$27,824	$28,922

The variable rate on both notes is equal to NCUSIF's prior-month yield on investments. The average interest rates during 2002 and 2001 were 4.09% and 5.47%, respectively. The interest rates at December 31, 2002 and 2001, were 3.51% and 4.56%, respectively.

5. LEASE COMMITMENTS

Description of Leasing Agreements—The Fund has entered into a number of lease agreements with vendors for the rental of office space as well as the lease of office equipment that includes laptops, printers, monitors, and copiers.

Operating Leases—The Fund leases office space under lease agreements that expire through 2007. Office rental charges amounted to approximately $1,009,000 and $966,000 of which approximately $625,500 and $654,500 was reimbursed by NCUSIF for 2002 and 2001, respectively. In addition, the Fund leases office equipment under operating leases with lease terms of less than one year.

Capital Leases—The Fund leases computer equipment under lease agreements that expire through 2006.

The future minimum lease payments as of December 31, 2002, are as follows (in thousands):

	Operating Leases	Capital Leases
2003	$ 828	$504
2004	858	42
2005	346	9
2006	199	6
2007	183	
Total	$2,414	561
Less: Imputed interest		(13)
Present value of net minimum lease payments		$548

Based on the allocation factor approved by the NCUA Board for 2002, NCUSIF will reimburse the Fund for approximately 62% of the future operating lease payments.

6. RETIREMENT PLAN

The employees of the Fund are participants in the Civil Service Retirement and Disability Fund, which includes the Federal Employees' Retirement System ("FERS"). Both plans are defined benefit retirement plans covering all of the employees of the Fund. FERS is comprised of a Social Security Benefits Plan, a Basic Benefits Plan, and a Savings Plan. Contributions to the plans are based on a percentage of employees' gross pay. Under the Savings Plan, employees can also elect additional contributions between 1% and 10% of their gross pay, and the Fund will match up to 5% of the employees' gross pay. In 2002 and 2001, the Fund's contributions to the plans were approximately $10,783,000 and $10,310,000, respectively, of which approximately $6,685,000 and $6,879,000 were reimbursed by NCUSIF, respectively.

The Fund does not account for the assets of the above plans and does not have actuarial data with respect to accumulated plan benefits or the unfunded liability relative to eligible employees. These amounts are reported by the U.S. Office of Personnel Management for the Civil Service Retirement and Disability Fund and are not allocated to individual employers.

7. DISCLOSURES OF FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount and the estimated fair value of the Fund's financial instruments are as follows (in thousands):

	December 31, 2002		December 31, 2001	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 18,582	$ 18,582	$ 15,880	$ 15,880
Due from NCUSIF	670	670	1,723	1,723
Employee advances	254	254	529	529
Other accounts receivable	96	96	93	93
Accounts payable	3,311	3,311	5,395	5,395
Obligation under capital leases	548	548	2,285	2,285
Notes payable to NCUSIF	28,922	28,922	30,335	30,335

8. CONTINGENCIES

NCUA is currently a party to a number of disputes that involve or may involve litigation. In the opinion of management, the ultimate liability with respect to these disputes, if any, will not be material to NCUA's financial position.

9. SUBSEQUENT EVENTS

NCUA announced on January 29, 2003 a regional restructuring plan, previously approved by the Board on November 21, 2002. The restructuring plan will relocate the Region VI office in Concord, California, to Phoenix, Arizona, and renumber it to Region V. The plan will also close the Region IV regional office in Chicago, Illinois. The process of relocating Region VI will begin immediately and be completed no later than December 2004. Region V, located in Austin, Texas, will be renumbered to become Region IV. Credit union supervision will be aligned with the five regions, and this alignment is scheduled to become effective as of January 1, 2004.

NCUA estimates that the costs to be incurred for the regional restructuring plan will be $7,466,000, which includes relocation costs of $6,016,000 and severance costs of $980,000. The majority of the costs are anticipated to be incurred during 2003 and 2004. Based on the allocation factors approved by the NCUA Board, the Fund is responsible for 38.00% of the total restructuring costs, or $2,837,000.

* * * * * *

NATIONAL CREDIT UNION ADMINISTRATION
CENTRAL LIQUIDITY FACILITY

BALANCE SHEETS
DECEMBER 31, 2002 AND 2001
(Dollars in thousands)

ASSETS	**2002**	**2001**
ASSETS:		
Cash	$ 11	$ 13
Investments with U.S. Central Credit Union (Notes 5, 8, and 9)	1,081,362	979,922
Accrued interest receivable	5,042	5,095
TOTAL ASSETS	$1,086,415	$985,030

LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES:		
Member deposits (Note 7)	$ 13,905	$ 16,817
Accounts payable and other liabilities	108	102
Total liabilities	14,013	16,919
MEMBERS' EQUITY:		
Capital stock—required (Note 7)	1,060,995	956,709
Retained earnings	11,407	11,402
Total members' equity	1,072,402	968,111
TOTAL LIABILITIES AND MEMBERS' EQUITY	$1,086,415	$985,030

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2002 AND 2001
(Dollars in thousands)

	2002	**2001**
REVENUE—Investment income	$ 21,965	$ 35,012
EXPENSES (Note 10):		
Operating expenses:		
Group agent service fee	2	2
Personnel services	124	110
Other services	40	37
Rent, communications, and utilities	10	8
Personnel benefits	25	23
Supplies and materials	2	2
Printing and reproduction	4	3
Total operating expenses	207	185
Interest—Federal Financing Bank notes		46
Interest—member deposits	169	212
Total expenses	376	443
EXCESS OF REVENUE OVER EXPENSES	$ 21,589	$ 34,569

See notes to financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
CENTRAL LIQUIDITY FACILITY

STATEMENTS OF MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2002 AND 2001
(Dollars in thousands)

	Capital Stock	Retained Earnings
BALANCE AT JANUARY 1, 2001	$ 892,175	$ 11,402
Issuance of required capital stock	69,600	
Redemption of required capital stock	(5,066)	
Dividends		(34,569)
Excess of revenue over expenses		34,569
BALANCE AT DECEMBER 31, 2001	956,709	11,402
Issuance of required capital stock	105,519	
Redemption of required capital stock	(1,233)	
Dividends		(21,584)
Excess of revenue over expenses		21,589
BALANCE AT DECEMBER 31, 2002	$1,060,995	$ 11,407

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2002 AND 2001
(Dollars in thousands)

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenses	$ 21,589	$ 34,569
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities:		
Decrease in accrued interest receivable	53	7,873
Increase (decrease) in accounts payable and other liabilities	6	(5)
Net cash provided by operating activities	21,648	42,437
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments—net	(101,440)	(60,413)
Net cash used in investing activities	(101,440)	(60,413)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Additions to member deposits	2,226	2,790
Issuance of required capital stock	105,519	69,600
Dividends	(21,584)	(34,569)
Withdrawal of member deposits	(5,138)	(14,780)
Redemption of required capital stock	(1,233)	(5,066)
Net cash provided by financing activities	79,790	17,975
NET DECREASE IN CASH	(2)	(1)
CASH, BEGINNING OF YEAR	13	14
CASH, END OF YEAR	$ 11	$ 13

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:
Interest paid during the years ended December 31, 2002 and 2001, was $-0- and $46, respectively.

See notes to financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
CENTRAL LIQUIDITY FACILITY

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2002 AND 2001

1. ORGANIZATION AND PURPOSE

The National Credit Union Administration Central Liquidity Facility ("CLF") was created by the National Credit Union Central Liquidity Facility Act (the "Act"). The CLF is designated as a mixed-ownership government corporation under the Government Corporation Control Act. The CLF exists within the National Credit Union Administration ("NCUA") and is managed by the National Credit Union Administration Board. The CLF became operational on October 1, 1979.

The purpose of the CLF is to improve general financial stability by meeting the liquidity needs of credit unions. The CLF is a tax-exempt organization under Section 501(c)(1) of the Internal Revenue Code.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The CLF maintains its accounting records on the accrual basis of accounting.

Loans and Allowance for Loan Losses—Loans, when made to members, are on a short-term or long-term basis. For all loans, the CLF may obtain a security interest in the assets of the borrower. In determining the allowance for loan losses, when applicable, the CLF evaluates the collectibility of its loans to members through examination of the financial condition of the individual borrowing credit unions and the credit union industry in general.

Investments—The CLF invests in redeposits and share accounts at U.S. Central Credit Union (see Notes 5 and 8). All other investments are short-term with no maturities in excess of one year. All investments are classified as held-to-maturity under Statement of Financial Accounting Standards No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. Accordingly, the CLF records investments at amortized cost. Amortized cost is the face value of the securities plus the unamortized premium or less the unamortized discount.

Fair Value of Financial Instruments—The following methods and assumptions were used in estimating the fair value disclosures for financial instruments:

a. *Cash*—The carrying amounts for cash approximate fair value.

b. *Investments*—Securities held have maturities of one year or less and, as such, the carrying amounts approximate fair value.

c. *Loans*—For loans advanced to member credit unions, the carrying amounts approximate fair value.

d. *Member Deposits*—Funds maintained with the CLF in excess of required capital amounts are recorded as member deposits. These deposits are due upon demand and the carrying amounts approximate the fair value.

e. *FFB Notes Payable*—For notes issued to the Federal Financing Bank, when applicable, the carrying amounts approximate fair value.

f. *Other*—Accrued interest receivable, accounts payable and other liabilities are recorded at book values, which approximate the respective fair values.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's estimates.

3. GOVERNMENT REGULATIONS

The CLF is subject to various Federal laws and regulations. The CLF's operating budget requires Congressional approval, and the CLF may not make loans to members for the purpose of expanding credit union loan portfolios. The CLF's investments are restricted to obligations of the United States Government and its agencies, deposits in Federally insured financial institutions, and shares and deposits in credit unions. Borrowing is limited by statute to twelve times the subscribed capital stock and surplus. However, there is a Congressional limitation of $1.5 billion on funds that are borrowed and then loaned out at any one point in time.

At December 31, 2002 and 2001, the CLF was in compliance with its borrowing authority.

4. LOANS TO MEMBERS

There were no loans or loan commitments outstanding at December 31, 2002 and 2001. The CLF can provide members with extended loan commitments.

5. FUNDS ON DEPOSIT WITH U.S. CENTRAL CREDIT UNION

Funds not currently required for operations are invested as follows (in thousands):

	December 31,	
	2002	2001
U.S. Central Credit Union (see Note 8):		
Redeposit Account	$1,081,362	$915,246
Share accounts		64,676
	$1,081,362	$979,922

6. BORROWING AUTHORITY

The Secretary of the Treasury is authorized by the Act to lend up to $500 million to the CLF in the event that the Board certifies to the Secretary that the CLF does not have sufficient funds to meet the liquidity needs of credit unions. This authority to lend is limited to such extent and in such amounts as are provided in advance by Congressional Appropriation Acts. On December 23, 1981, the President signed PL 97-101, which provided $100 million of permanent indefinite borrowing authority that may be provided by the Secretary of the Treasury to the CLF to meet emergency liquidity needs of credit unions. On May 21, 1999, the President signed a mid-year spending bill (HR 1141) that authorized the CLF to fully utilize its borrowing authority under the Federal Credit Union Act. Borrowings would be from the Federal Financing Bank with interest generally payable upon maturity (see Note 12).

7. CAPITAL STOCK AND MEMBER DEPOSITS

The required capital stock account represents subscriptions remitted to the CLF by member credit unions. Regular members' required subscription amounts equal one-half of one percent of their paid-in and unimpaired capital and surplus, one-half of which is required to be remitted to the CLF. Agent members' required subscription amounts equal one-half of one percent of the paid-in and unimpaired capital and surplus of all of the credit unions served by the agent member, one-half of which is required to be remitted to the CLF. In both cases, the remaining one-half of the subscription is required to be held in liquid assets by the member credit unions subject to call by the National Credit Union Administration Board. These unremitted subscriptions are not reflected in the CLF's financial statements. Subscriptions are adjusted annually to reflect changes in the member credit unions' paid-in and unimpaired capital and surplus. Dividends are declared and paid on required capital stock.

Member deposits represent amounts remitted by members over and above the amount required for membership. Interest is paid on member deposits at a rate equivalent to the dividend rate paid on required capital stock.

8. U.S. CENTRAL CREDIT UNION MEMBERSHIP

During fiscal year 1984, the CLF accepted a membership request from U.S. Central Credit Union ("USC") on behalf of its corporate credit union members. At December 31, 2002 and 2001, $1,015,902,000 and $915,246,000, respectively, of the required portion of subscribed capital stock were purchased from the CLF by USC on behalf of its member credit unions. The CLF has 32 and 33 corporate credit union members as of December 31, 2002 and 2001, respectively.

In addition, by accepting the USC membership request, the CLF was initially committed to reinvest all but $50,000,000 of its total share capital in USC at market rates of interest. Beginning April 1, 1996, the CLF reinvests all of its agent member share capital in USC at market rates of interest. At December 31, 2002 and 2001, approximately $1,081,362,000 and $979,922,000, respectively, were invested in USC accounts at 1.85% and 2.06%, respective yields.

9. CONCENTRATION OF CREDIT RISK

At December 31, 2002 and 2001, the CLF has a concentration of credit risk for its investments on deposit with USC of approximately $1,081,362,000 and $979,922,000, respectively (see Notes 5 and 8).

10. SERVICES PROVIDED BY THE NATIONAL CREDIT UNION ADMINISTRATION

The National Credit Union Administration provides the CLF with data processing and other miscellaneous services and supplies. In addition, the National Credit Union Administration pays CLF's employees' salaries and benefits as well as the CLF's portion of monthly building operating costs. The CLF reimburses the National Credit Union Administration on a monthly basis for these items. Total reimbursements for the years ended December 31, 2002 and 2001, amounted to approximately $205,000 and $183,000, respectively.

11. DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount and the estimated fair value of the CLF's financial instruments are as follows (in thousands):

	December 31, 2002		December 31, 2001	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	$ 11	$ 11	$ 13	$ 13
Investments	1,081,362	1,081,362	979,922	979,922
Accrued interest receivable	5,042	5,042	5,095	5,095
Member deposits	13,905	13,905	16,817	16,817
Accounts payable and other liabilities	108	108	102	102

12. SHORT-TERM REVOLVING CREDIT FACILITY

On July 15, 1999, the National Credit Union Administration signed a note purchase agreement with the Federal Financing Bank on behalf of CLF. The agreement originally provided for a commitment amount of $20.7 billion. Subsequently, the agreement expired on September 30, 2002, and was extended through consecutive short-term revolving credit facility promissory notes. These promissory notes reduced the credit facility to $5 billion and expire yearly on the 31st of March. The current promissory note expires March 31, 2003.

* * * * * *

insurance fund ten-year trends

Fiscal year	1993	1994	1995[1]	1996	1997	1998	1999	2000	2001	2002
Income (in thousands)										
Regular premium-federal	—	—	—	—	—	—	—	—	—	—
Regular premium-state	—	—	—	—	—	—	—	—	—	—
Interest income	$142,027	$147,564	$172,926	$184,715	$201,938	$217,965	$227,281	$268,169	$252,853	213,252
Other income	4,223	2,258	2,147	2,148	2,151	2,033	1,850	1,952	1,703	1,226
Total income	**$146,250**	**$149,822**	**$175,073**	**$186,863**	**$204,089**	**$219,998**	**$229,131**	**$270,121**	**$254,556**	**$214,478**
Expenses (in thousands)										
Operating	$43,574	$44,132	$48,384	$47,220	$49,767	$51,071	$58,392	$65,898	$90,505	85,367
Insurance losses	60,000	26,000	—	—	—	—	—	—	—	12,513
Losses on investment sales	—	—	—	—	—	—	—	—	—	—
Total expenses	**$103,574**	**$ 70,132**	**$48,384**	**$47,220**	**$49,767**	**$51,071**	**$58,392**	**$65,898**	**$90,905**	**$97,880**
Net Income (in thousands)	$42,676	$ 79,690	$126,690	$139,643	$154,322	$168,927	$170,739	$204,223	$164,051	116,598
Data highlights										
Total equity (in thousands)	$2,814,253	$3,054,308	$3,250,002	$3,412,164	$3,593,686	$3,810,677	$4,170,178	$4,627,700	$5,035,788	$5,607,096
Equity as a percentage of shares in insured credit unions	1.26%	1.27%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.25%	1.27%
Contingent liabilities (in thousands)	$1,334	$22	$375	$1,026	$933	$556	$1,281	$2,362	$2,217	$ 0
Contingent liabilities as a percentage of equity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NCUSIF loss per $1,000 of insured shares	$0.25	$0.10	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.03
Operating ratios										
Premium income	—	—	—	—	—	—	—	—	—	—
Interest income	97.1%	98.5%	98.8%	98.8%	99.0%	99.1%	99.2%	99.3%	99.3%	99.4%
Other income	2.9%	1.5%	1.2%	1.1%	1.0%	.9%	.8%	.7%	.7%	.6%
Operating expenses	29.8%	29.5%	27.6%	25.3%	24.4%	23.2%	25.5%	24.4%	35.5%	39.8%
Insurance losses	41.0%	17.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.8%
Total expenses	70.8%	46.8%	27.6%	25.3%	24.4%	23.2%	25.5%	24.4%	35.6%	45.6%
Net income	29.2%	53.2%	72.4%	74.7%	75.6%	76.8%	74.5%	75.6%	64.4%	54.4%
Involuntary liquidations commenced										
Number	54	29*	15	13	8	13	15	20	17	14
Share payouts (in thousands)	$57,303	$27,279*	$11,737	$1,028	$17,888	$6,298	$5,403	$10,393	$16,290	$40,003
Share payouts as a percentage of total insured shares	0.024%	0.011%	0.004%	0.000%	0.006%	0.002%	0.002%	.003%	.004%	.009%

*Includes 2 liquidations occurring during transition quarter

[1]Effective January 1, 1995, the NCUSIF fiscal year and NCUSIF Insurance year changed from October 1 thru September 30 to a period of January 1 thru December 31

insurance fund ten-year trends

Fiscal year	1993	1994	1995[2]	1996	1997	1998	1999	2000	2001	2002
Mergers—fiscal year										
Assisted	17	8*	7	6	8	5	8	9	5	1
Unassisted	328	423*	297	305	164	217	315	284	295	271
*INCLUDES 2 ASSISTED MERGERS AND 81 UNASSISTED MERGERS OCCURRING DURING TRANSISTION QUARTER										
Assistance to avoid liquidation (in thousands)										
Capital notes and other cash advances outstanding	$6,634	$2,673	$0	$265	$1,211	$1,466	$325	$146	$2,050	$0
Non-cash guaranty accounts	$16,587	$2,849	$1,134	$1,197	$1,343	$1,557	$4,516	$8,450	$2,559	$156
Number of active cases	15	7	9	12	7	12	16	17	10	3
Number of problem case insured credit unions (CODE 4 & 5)										
Number	474	319	267	286	326	308	338	202	205	211
Shares (millions)	$4,300	$2,430	$2,051	$1,759	$2,928	$3,181	$2,693	$1,483	$1,731	$2,901
Problem case shares as a percentage of insured shares	1.8%	.96%	.80%	.65%	.95%	.99%	.80%	.42%	.43%	.66%

December 31	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Shares in insured credit unions (in millions)[1]										
Federal credit unions	$149,229	$155,480	$164,582	$173,544	$178,948	$191,328	$194,766	$195,871	$217,112	$238,912
State credit unions	91,101	92,173	96,856	101,914	114,327	130,129	140,857	157,996	185,574	202,552
Total shares	**$240,330**	**$247,653**	**$261,438**	**$275,458**	**$293,275**	**$321,457**	**$335,623**	**$353,867**	**$402,686**	**$441,464**
Number of member accounts in insured credit unions (in thousands)										
Federal credit unions	60,746	78,835	78,245	77,243	73,566	72,848	73,466	74,125	74,886	76,554
State credit unions	36,459	44,203	55,740	41,841	45,690	49,130	52,787	57,397	61,290	62,597
Total	**97,205**	**123,038**	**133,985**	**119,084**	**119,256**	**121,978**	**126,253**	**131,522**	**136,176**	**139,151**
Number of insured credit unions										
Federal credit unions	7,696	7,498	7,329	7,152	6,981	6,815	6,566	6,336	6,118	5,953
State credit unions	4,621	4,493	4,358	4,240	4,257	4,180	4,062	3,980	3,866	3,735
Total	**12,317**	**11,991**	**11,687**	**11,392**	**11,238**	**10,995**	**10,628**	**10,316**	**9,984**	**9,688**
Insured shares as a percentage of all credit union shares	98.0%	98.0%	99.0%	99.0%	99.0%	99.0%	94.0%	93.3%	92.1%	91.2%
State credit union portion of insured shares	37.9%	37.2%	37.1%	37.0%	40.0%	40.5%	42.0%	44.7%	46.1%	45.9%

[1]Insured shares in natural person credit unions.
[2]Effective January 1, 1995, the NCUSIF fiscal year and NCUSIF Insurance year changed from October 1 thru September 30 to a period of January 1 thru December 31

federal credit union ten-year summary

Federal credit unions
December 31 (dollar amounts in millions)

December	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Number of credit unions	7,696	7,498	7,329	7,152	6,981	6,815	6,566	6,336	6,118	5,953
Number of members	39,755,596	40,837,392	42,162,627	43,545,541	43,500,553	43,864,851	44,076,428	43,883,106	43,816,877	44,610,949
Assets	$172,854	$182,529	$193,781	$206,692	$215,097	$231,904	$239,316	$242,881	$270,125	301,238
Loans outstanding	94,640	110,090	120,514	134,120	140,100	144,849	155,172	163,851	170,326	181,767
Shares	153,506	160,226	170,300	180,964	187,817	202,651	207,614	210,188	235,202	261,819
Reserves[1]	6,976	7,616	8,351	9,092	9,371	9,837	10,314	10,837	11,339	12,227
Undivided earnings	8,338	9,584	11,445	13,087	14,365	15,468	16,546	17,279	18,596	20,855
Gross income	12,946	13,496	15,276	16,645	17,404	18,137	18,530	19,456	20,042	19,676
Operating expenses	5,578	5,964	6,468	7,246	7,793	8,241	8,551	8,721	9,287	10,158
Dividends	5,038	5,208	6,506	7,087	7,425	7,760	7,698	8,120	8,277	6,369
Reserve transfers	186	245	262	240	201	211	323			
Net income[2]	2,282	2,149	2,136	2,232	2,113	2,081	2,184	2,470	2,436	3,082
Percent change										
Total assets	6.3%	5.6%	6.2%	6.7%	4.1%	7.8%	3.2%	1.5%	11.2%	11.5%
Loans outstanding	8.0	16.3	9.5	11.3	4.5	3.4	7.1	5.6	4.0	6.7
Shares	5.1	4.4	6.3	6.3	3.8	7.9	2.4	1.2	11.9	11.3
Reserves[1]	13.0	9.2	9.7	9.3	3.1	5.0	4.8	5.1	4.6	7.8
Undivided earnings	22.7	14.9	19.4	14.2	9.8	7.7	7.0	4.4	7.6	12.1
Gross income	-2.7	4.2	13.2	9.0	4.6	4.2	2.2	5.0	3.0	-1.8
Operating expenses	4.7	6.9	8.5	11.9	7.5	5.7	3.8	2.0	6.5	9.4
Dividends	-14.3	3.4	24.9	8.7	4.8	4.5	-0.8	5.5	1.9	-23.1
Net income[3]	12.6	-5.8	-0.6	4.5	-5.3	-1.5	5.0	13.1	-1.4	26.5
Significant ratios										
Reserves to assets	4.0%	4.2%	4.3%	4.4%	4.4%	4.2%	4.3%	4.5%	4.2%	4.1%
Reserves and undivided earnings to assets	8.0	8.9	10.2	10.7	11.0	10.9	11.2	11.6	11.1	11.0
Reserves to loans	7.4	6.9	6.9	6.8	6.7	6.8	6.6	6.6	6.7	6.7
Loans to shares	61.7	68.7	70.8	74.1	74.6	71.5	74.7	78.0	72.4	69.4
Operating expenses to gross income	43.1	44.2	42.3	39.4	39.4	45.4	46.1	44.8	46.3	51.6
Salaries and benefits to gross income	19.4	20.2	19.2	19.2	19.3	19.7	20.5	20.2	21.0	23.3
Dividends to gross income	38.9	38.6	42.6	42.6	42.7	42.8	41.5	41.7	41.3	32.4
Yield on average assets	7.7	7.6	8.1	8.3	8.3	8.1	7.9	8.3	7.8	6.9
Cost of funds to average assets	3.1	3.0	3.5	3.6	3.6	3.5	3.3	3.5	3.3	2.3
Gross spread	4.6	4.6	4.6	4.7	4.7	4.6	4.6	4.8	4.5	4.6
Net income divided by gross income[2]	17.6	15.9	14.0	13.4	12.1	11.5	11.8	12.7	12.2	15.7
Yield on average loans	9.4	8.7	8.9	8.5	8.7	8.6	8.3	8.5	8.2	7.7
Yield on average investments[3]	4.6	5.1	5.6	6.0	5.9	5.7	5.3	6.4	4.9	3.5

[1]Does not include the allowance for loan losses
[2] Net income prior to reserve transfers
[3] Starting in 2000 investments includes cash on deposit and cash equivalents

federally insured state-chartered credit union ten-year summary

Federally insured state-chartered credit unions
December 31 (dollar amounts in millions)

December	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Number of credit unions	4,621	4,493	4,358	4,240	4,257	4,180	4,062	3,980	3,866	3,735
Number of members	23,996,751	24,294,761	24,926,666	25,665,783	27,921,882	29,673,998	31,307,907	33,704,772	35,532,391	36,336,258
Assets	$104,316	$106,937	$112,861	$120,176	$136,107	$156,787	$172,086	$195,363	$231,280	$255,838
Loans outstanding	57,695	65,769	71,606	79,651	92,117	100,890	116,366	137,485	152,014	160,881
Shares	93,482	94,797	99,838	105,728	119,359	137,347	149,305	169,053	201,807	222,377
Reserves[1]	4,754	4,908	5,246	5,689	6,421	7,125	7,946	9,120	10,266	11,105
Undivided earnings	4,862	5,563	6,645	7,490	8,779	9,876	11,060	12,830	14,563	16,229
Gross income	7,878	7,955	8,932	9,736	11,124	12,309	13,413	15,714	17,385	17,075
Operating expenses	3,302	3,473	3,770	4,198	4,939	5,548	6,165	7,024	8,053	8,990
Dividends	3,109	3,145	3,889	3,367	3,790	4,229	4,315	5,256	5,547	4,020
Reserve transfers	114	144	147	143	138	161	190			
Net income[2]	1,462	1,289	1,241	1,298	1,381	1,424	1,566	1,859	2,060	2,584
Percent change										
Total assets	5.6%	2.5%	5.5%	6.5%	13.2%	15.2%	9.7%	13.5%	18.4%	10.6%
Loans outstanding	7.4	14.0	8.9	11.2	15.6	9.5	15.3	18.1	10.6	5.8
Shares	4.3	1.4	5.3	5.9	12.9	15.1	8.7	13.2	19.4	10.2
Reserves[1]	12.2	3.2	6.9	8.5	12.9	10.9	11.5	14.8	12.6	8.2
Undivided earnings	24.3	14.4	19.4	12.4	17.2	12.5	12.0	16.0	13.5	11.4
Gross income	-3.7	1.0	12.3	9.0	14.3	10.6	9.0	17.2	10.6	-1.8
Operating expenses	3.1	5.2	8.6	11.4	17.7	12.3	11.1	13.9	14.6	11.6
Dividends	-15.1	1.2	23.7	-13.4	12.6	11.6	2.0	21.8	5.5	-27.5
Net income[2]	12.5	-11.8	-3.7	4.6	6.4	3.1	10.0	18.7	10.8	25.4
Significant ratios										
Reserves to assets	4.6%	4.6%	4.6%	4.7%	4.7%	4.5%	4.6%	4.7%	4.4%	4.3%
Reserves and undivided earnings to assets	9.2	9.8	10.5	11.0	11.2	10.8	11.0	11.2	10.7	10.7
Reserves to loans	8.2	7.5	7.3	7.1	7.0	7.1	6.8	6.6	6.8	6.9
Loans to shares	61.7	69.4	71.7	75.3	77.2	73.5	77.9	81.3	75.3	72.3
Operating expenses to gross income	41.9	43.7	42.2	39.1	39.5	45.1	46.0	44.7	46.3	52.7
Salaries and benefits to gross income	19.0	20.0	19.1	18.8	19.0	19.4	20.2	19.9	20.6	23.2
Dividends to gross income	39.5	39.5	43.5	35.0	34.1	34.3	32.2	33.4	31.9	23.5
Yield on average assets	7.8	7.5	8.1	8.4	8.7	8.4	8.2	8.3	8.2	7.0
Cost of funds to average assets	3.1	3.0	3.5	3.6	3.8	3.7	3.5	3.6	3.5	2.3
Gross spread	4.7	4.5	4.6	4.7	4.9	4.7	4.7	4.7	4.7	4.7
Net income divided by gross income[2]	18.6	16.2	13.9	13.3	12.4	11.6	11.7	11.8	11.8	15.1
Yield on average loans	9.5	8.6	8.9	8.4	9.1	8.8	8.4	8.5	8.4	7.6
Yield on average investments[3]	4.7	4.9	5.6	6.0	6.1	5.8	5.4	6.3	5.1	3.4

[1]Does not include the allowance for loan losses
[2] Net income prior to reserve transfers
[3] Starting in 2000 investments includes cash on deposit and cash equivalents

historical data, federal credit unions

Historical data for federal credit unions
December 31, 1935 to 1969

Year	Charters issued	Charters cancelled	Net change	Total outstanding	Inactive credit unions	Active credit unions	Members	Assets	Shares	Loans outstanding
								(Amounts in thousands of dollars)		
1935	828		828	906	134	772	119,420	$ 2,372	$ 2,228	$ 1,834
1936	956	4	952	1,858	107	1,751	309,700	9,158	8,511	7,344
1937	638	69	569	2,427	114	2,313	483,920	19,265	17,650	15,695
1938	515	83	432	2,859	99	2,760	632,050	29,629	26,876	23,830
1939	529	93	436	3,295	113	3,182	850,770	47,811	43,327	37,673
1940	666	76	590	3,855	129	3,756	1,127,940	72,530	65,806	55,818
1941	583	89	494	4,379	151	4,228	1,408,880	106,052	97,209	69,485
1942	187	89	98	4,477	332	4,145	1,356,940	119,591	109,822	43,053
1943	108	321	- 213	4,264	326	3,938	1,311,620	127,329	117,339	35,376
1944	69	285	- 216	4,048	233	3,815	1,306,000	144,365	133,677	34,438
1945	96	185	- 89	3,959	202	3,757	1,216,625	153,103	140,614	35,155
1946	157	151	6	3,965	204	3,761	1,302,132	173,166	159,718	56,801
1947	207	159	48	4,013	168	3,845	1,445,915	210,376	192,410	91,372
1948	341	130	211	4,224	166	4,058	1,628,339	258,412	235,008	137,642
1949	523	101	422	4,646	151	4,495	1,819,606	316,363	285,001	186,218
1950	565	83	482	5,128	144	4,984	2,126,823	405,835	361,925	263,736
1951	533	75	458	5,586	188	5,398	2,463,898	504,715	457,402	299,756
1952	692	115	577	6,163	238	5,925	2,853,241	662,409	597,374	415,062
1953	825	132	693	6,856	278	6,578	3,255,422	854,232	767,571	573,974
1954	852	122	730	7,586	359	7,227	3,598,790	1,033,179	931,407	681,970
1955	777	188	589	8,175	369	7,806	4,032,220	1,267,427	1,135,165	863,042
1956	741	182	559	8,734	384	8,350	4,502,210	1,529,202	1,366,258	1,049,189
1957	662	194	468	9,202	467	8,735	4,897,689	1,788,768	1,589,191	1,257,319
1958	586	255	331	9,533	503	9,030	5,209,912	2,034,866	1,812,017	1,379,724
1959	700	270	430	9,963	516	9,447	5,643,248	2,352,813	2,075,055	1,666,526
1960	685	274	411	10,374	469	9,905	6,087,378	2,669,734	2,344,337	2,021,463
1961	671	265	406	10,780	509	10,271	6,542,603	3,028,294	2,673,488	2,245,223
1962	601	284	317	11,097	465	10,632	7,007,630	3,429,805	3,020,274	2,560,722
1963	622	312	310	11,407	452	10,955	7,499,747	3,916,541	3,452,615	2,911,159
1964	580	323	257	11,664	386	11,278	8,092,030	4,559,438	4,017,393	3,349,068
1965	584	270	324	11,978	435	11,543	8,640,560	5,165,807	4,538,461	3,864,809
1966	701	318	383	12,361	420	11,941	9,271,967	5,668,941	4,944,033	4,323,943
1967	636	292	344	12,705	495	12,210	9,873,777	6,208,158	5,420,633	4,677,480
1968	662	345	317	13,022	438	12,584	10,508,504	6,902,175	5,986,181	5,398,052
1969	705	323	382	13,404	483	12,921	11,301,805	7,793,573	6,713,385	6,328,720

[1] DATA FOR 1935-44 ARE PARTLY ESTIMATED

historical data, federal credit unions

Historical data for federal credit unions
December 31, 1970 to 2002

Year	Charters issued	Charters cancelled	Net change	Total outstanding	Inactive credit unions	Active credit unions	Members	Assets (Amounts in thousands of dollars)	Shares (Amounts in thousands of dollars)	Loans outstanding (Amounts in thousands of dollars)
1970	563	412	151	13,555	578	12,977	11,966,181	$ 8,860,612	$ 7,628,805	$ 6,969,006
1971	400	461	-61	13,494	777	12,717	12,702,135	10,533,740	9,191,182	8,071,201
1972	311	672	-361	13,133	425	12,708	13,572,312	12,513,621	10,956,007	9,424,180
1973	364	523	-159	12,974	286	12,688	14,665,890	14,568,736	12,597,607	11,109,015
1974	367	369	-2	12,972	224	12,748	15,870,434	16,714,673	14,370,744	12,729,653
1975	373	334	39	13,011	274	12,737	17,066,428	20,208,536	17,529,823	14,868,840
1976	354	387	-33	12,978	221	12,757	18,623,862	24,395,896	21,130,293	18,311,204
1977	337	315	22	13,000	250	12,750	20,426,661	29,563,681	25,576,017	22,633,860
1978	348	298	50	13,050	291	12,759	23,259,284	34,760,098	29,802,504	27,686,584
1979	286	336	-50	13,000	262	12,738	24,789,647	36,467,850	31,831,400	28,547,097
1980	170	368	-198	12,802	362	12,440	24,519,087	40,091,855	36,263,343	26,350,277
1981	119	554	-435	12,367	398	11,969	25,459,059	41,905,413	37,788,699	27,203,672
1982	114	556	-442	11,925	294	11,631	26,114,649	45,482,943	41,340,911	28,184,280
1983	107	736	-629	11,296	320	10,976	26,798,799	54,481,827	49,889,313	33,200,715
1984	135	664	-529	10,767	219	10,548	28,191,922	63,656,321	57,929,124	42,133,018
1985	55	575	-520	10,247	122	10,125	29,578,808	78,187,651	71,616,202	48,240,770
1986	59	441	-382	9,865	107	9,758	31,041,142	95,483,828	87,953,642	55,304,682
1987	41	460	-419	9,446	45	9,401	32,066,542	105,189,725	96,346,488	64,104,411
1988	45	201	-156	9,290	172	9,118	34,438,304	114,564,579	104,431,487	73,766,200
1989	23	307	-284	9,006	185	8,821	35,612,317	120,666,414	109,652,600	80,272,306
1990	33	410	-377	8,629	118	8,511	36,241,607	130,072,955	117,891,940	83,029,348
1991	14	291	-277	8,352	123	8,229	37,080,854	143,939,504	130,163,749	84,150,334
1992	33	341	-308	8,044	128	7,916	38,205,128	162,543,659	146,078,403	87,632,808
1993	42	258	-216	7,828	132	7,696	39,755,596	172,854,187	153,505,799	94,640,348
1994	39	224	-185	7,643	145	7,498	40,837,392	182,528,895	160,225,678	110,089,530
1995	28	194	-166	7,477	148	7,329	42,162,627	193,781,391	170,300,445	120,514,044
1996	14	189	-175	7,302	150	7,152	43,545,541	206,692,540	180,964,338	134,120,610
1997	17	179	-162	6,994	13	6,981	43,500,553	215,097,395	187,816,918	140,099,926
1998	8	174	-166	6,816	1	6,815	43,864,851	231,904,308	202,650,793	144,849,109
1999	17	265	-248	6,566	0	6,566	44,076,428	239,315,693	207,613,549	155,171,735
2000	12	235	-223	6,343	7	6,336	43,883,106	242,881,164	210,187,670	163,850,918
2001	14	228	-214	6,129	11	6,118	43,816,877	270,125,345	235,202,500	170,325,562
2002	21	180	-159	5,959	6	5,953	44,610,949	301,238,242	261,819,003	181,766,655

board and officers

Dennis Dollar
Chairman

JoAnn M. Johnson
Vice Chair

Deborah Matz
Board Member

J. Leonard Skiles
Executive Director

Rebecca J. Baker
Secretary of the Board

Kirk Cuevas
Chief of Staff and Counsel to the Chairman

Julie Starnes
Executive Assistant to Board Member Johnson

Nancy L. Smith
Executive Assistant to Board Member Matz

Robert M. Fenner
General Counsel

Clifford R. Northup
Director, Office of Public and Congressional Affairs

Herbert S. Yolles
Inspector General

David M. Marquis
Director, Office of Examination and Insurance

Dennis Winans
Chief Financial Officer

Mike Barton
President, Asset Management & Assistance Center

Sherry Turpenoff
Director, Office of Human Resources

Anthony LaCreta
Director, Office of Credit Union Development

Kent Buckham
Director, Office of Corporate Credit Unions

Edward Dupcak
Director, Office of Strategic Program Support and Planning
President, Central Liquidity Facility

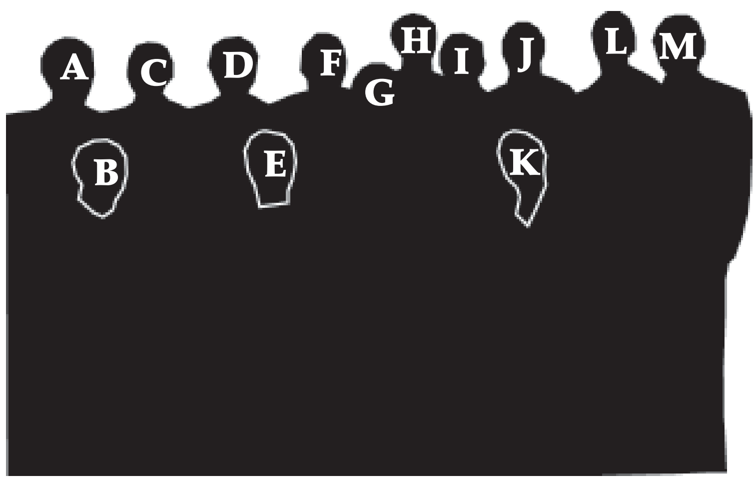
Doug Verner
Chief Information Officer

The NCUA has a full-time, three-member Board appointed by the President of the United States and confirmed by the Senate. No more than two Board members are from the same political party, and members serve staggered six-year terms. The NCUA Board normally meets monthly, except August, in open session in Alexandria, Virginia.

Chairman Dennis Dollar was named chairman of the NCUA by President George W. Bush February 8, 2001. He is a former Mississippi state representative and educator who was president of Gulfport VA Federal Credit Union in Mississippi when nominated by President Clinton to the Republican seat on the NCUA Board in October 1997. His term expires April 10, 2003.

Vice Chair JoAnn Johnson was nominated by President George W. Bush in November 2001 and confirmed by the U.S. Senate March 22, 2002. Iowa State Senator Johnson is a former educator, athletic coach and community activist. She was elected to office in 1994 and chaired both the Iowa Senate Commerce Committee and Ways and Means Committee before resigning to join NCUA. Her term expires August 2, 2007.

Board Member Deborah Matz was nominated by President George W. Bush in February 2002 and confirmed by the Senate March 22, 2002. An expert in finance, she has over 20 years of pubic service experience and extensive knowledge of both the executive and legislative branches of the federal government. She held a political appointment during the Clinton Administration and spent over nine years on Capitol Hill as an economist with the Joint Economic Committee. Her term expires August 2, 2005.



A. Kent Buckham
B. Robert Fenner
C. Doug Verner
D. Mike Barton
E. David Marquis
F. Edward Dupcak
G. Sherry Turpenoff
H. Mark Treichel, Deputy Executive Director
I. Herb Yolles
J. Dennis Winans
K. Clifford Northup
L. J. Leonard Skiles
M. Anthony LaCreta

Information

General information	703-518-6330
TDD:	703-518-6332
Office of the Board	703-518-6300
News about NCUA	1-800-755-1030 703-518-6339
Publications	703-518-6340
Credit union investments	1-800-755-5999 703-518-6370
Technology assistance	1-800-827-3255 703-518-6450
Report improper or illegal activities	1-800-827-9650 703-518-6550
Member complaints	appropriate regional office
Website	www.ncua.gov

field officers

2002 NCUA regional directors – Standing are Jane Walters, Region V; Robert Blatner, Region VI; Melinda Love, Region IV; and Tawana Y. James, Region II. Seated are Alonzo A. Swann III, Region III and Layne Bumgardner, Region I.

Region I — Albany

9 Washington Square
Washington Avenue Extension
Albany, New York 12205
Telephone: 518-862-7400
Fax: 518-862-7420
region1@ncua.gov

Region II — Capital

1775 Duke Street, Suite 4206
Alexandria, VA 22314-3437
Telephone: 703-519-4600
Fax: 703-519-4620
region2@ncua.gov

Region III — Atlanta

7000 Central Parkway, Suite 1600
Atlanta, GA 30328
Telephone: 678-443-3000
Fax: 678-443-3020
region3@ncua.gov

***Region IV — Chicago**

4225 Naperville Road, Suite 125
Lisle, IL 60532-3658
Telephone: 630-955-4100
Fax: 630-955-4120
region4@ncua.gov

Region V – Austin

4807 Spicewood Springs Road,
Suite 5200
Austin, TX 78759-8490
Telephone: 512-342-5600
Fax: 512-342-5620
region5@ncua.gov

***Region VI – Pacific**

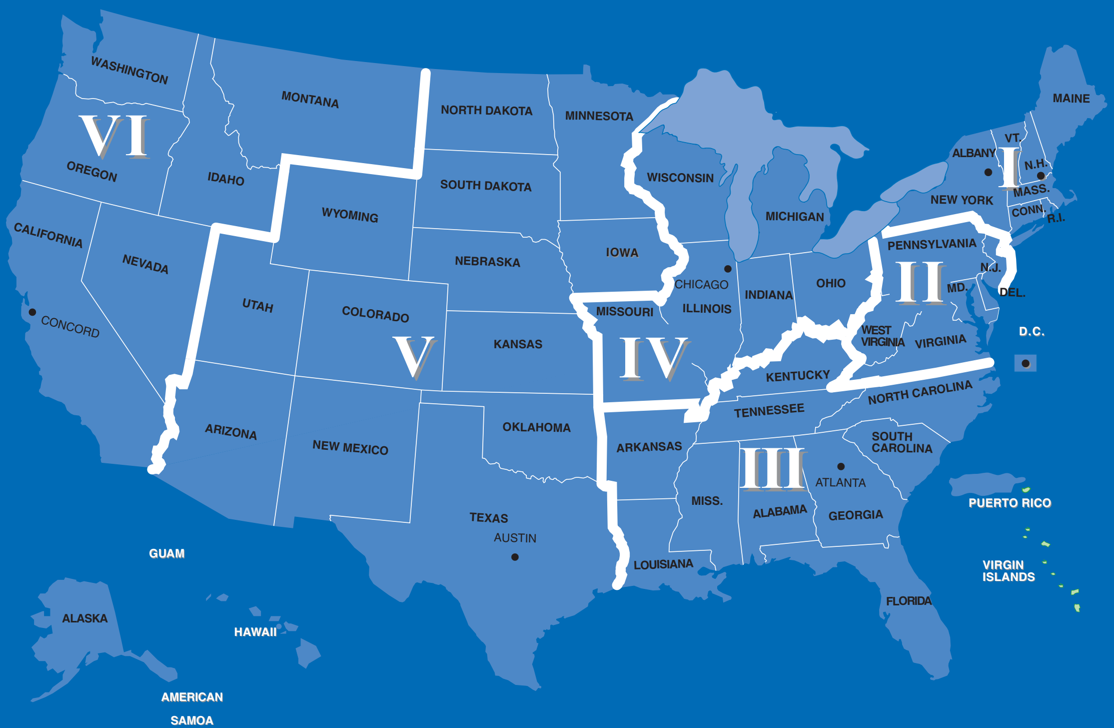
2300 Clayton Road, Suite
1350
Concord, CA 94520
Telephone: 925-363-6200
Fax: 925-363-6220
region6@ncua.gov

Asset Management and Assistance Center

4807 Spicewood Springs
Road, Suite 5100
Austin, TX 78759-8490
Telephone: 512-231-7900
Fax: 512-231-7920
amacmail@ncua.gov

*During 2004, the Region IV Chicago office will close and the states under its supervision will be assigned to other regional offices and the Region VI Concord, California, office will relocate to Phoenix, Arizona. A five-region alignment is scheduled to become effective January 1, 2004, though a short transition period may be required.

Regional offices



National Credit Union Administration • 1775 Duke Street Alexandria, VA • 22314-3428 • 703-518-6300 • www.ncua.gov

National Credit Union
Administration
Alexandria, VA 22314-3428