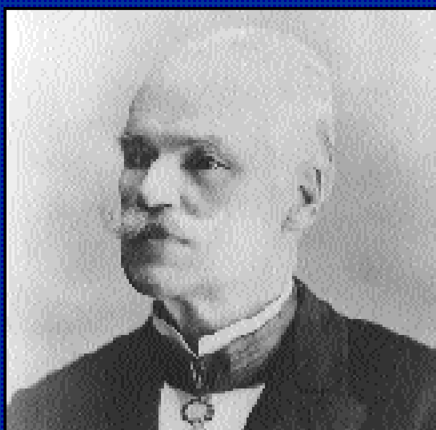
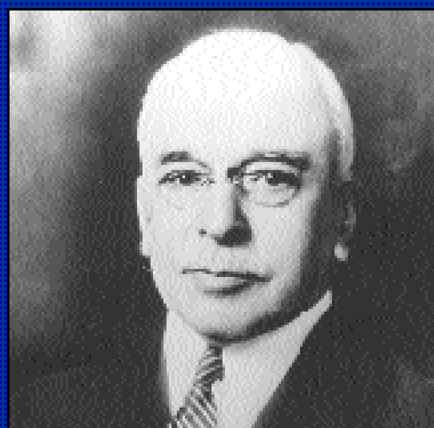
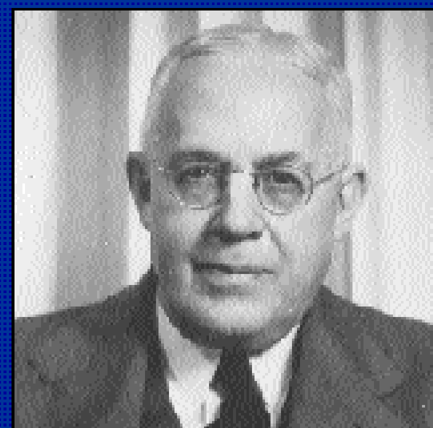
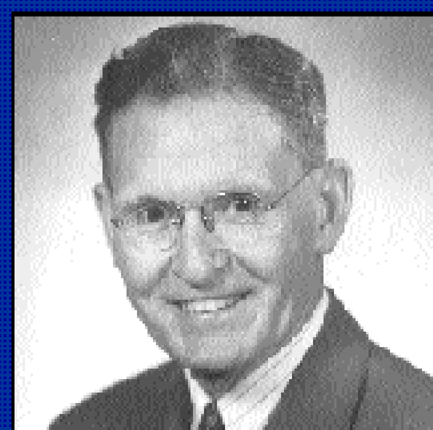
National Credit Union Administration
1999 Annual Report

20th Century Federal Credit Unions


Financial Highlights 1999

NCUA Operating Fund

Operating fee revenue		$ 53.9 million
Other income		1.7 million
Total revenue		55.6 million
Expense budget	$122.0 million	
Actual expenses	114.6million	
Expenses transferred to Share Insurance Fund	57.3 million	
Operating Fund expenses		57.3 million
Net income (Loss)		(1.7) million
Operating Fund balance		6.3 million

National Credit Union Share Insurance Fund

Total revenue	$ 229.1 million
Operating expenses	58.4 million
Insurance loss expense	0.0 million
Net income	170.7 million
Reserve for losses	69.8 million
Fund balance	4.2 billion
Equity ratio (fund balance as percentage of insured deposits)	1.30 percent

Central Liquidity Facility

Net income before dividends	$ 43.9 million
Dividends paid	44.0 million
Total assets	2.0 billion
Retained earnings	11.5 million
Capital stock	881.0 million

Federally Insured Credit Unions

Number of credit unions	10,628
Total assets	$ 411.4 billion
Total insured shares	335.6 billion
Total loans	271.5 billion
Capital to assets	11.6 percent
Share growth	5.0 percent
Ratio of loans to shares	76.3 percent
Delinquency ratio	0.8 percent
Net income (before reserve transfers)	0.9 percent

Contents

The National Credit Union Administration is the independent federal agency that supervises and insures federal credit unions and insures many state-chartered credit unions. It is entirely funded by credit unions and receives no tax dollars.

This 1999 NCUA Annual Report is NCUA's official report to the President and Congress of the United States. This report includes the financial statements of the NCUA Operating Fund, the National Credit Union Share Insurance Fund, and the Central Liquidity Facility.

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Front Page Photos

1. Alphonse Desjardins
   Introduced Credit Unions to America
2. Edward Filene
   "Father of U.S. Credit Unions"
3. Roy Bergengren
   Formed America's Credit Union Movement
4. St. Mary's Cooperative Credit Association
   First U. S. Credit Union
5. Franklin Delano Roosevelt Signs FCU Act in 1934
6. Claude Orchard
   First FCU Regulator
7. Examiner Training1937
8. First NCUA Board: Harold Black, Lawrence Connel, and P.A. Mack
9. Current NCUA Board: Norman E. D'Amours, Dennis Dollar, Yolanda T. Wheat

NCUA Mission Statement

Our charge 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.

We strive 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 continued focus on attracting new members and improving service to existing members.

20th Century NCUA & Credit Union Events

1900 Alphonse Desjardins brings credit unions to North America as the Canadian journalist organizes La Caisse Populaire de Levis in his home in Levis, Quebec. The first deposit is 10 cents on January 23, 1901.

1909 St. Mary's Cooperative Credit Association, the first U.S. credit union opens April 6, 1909, in Manchester, New Hampshire, with assistance from Alphonse Desjardins.

1909 The *Massachusetts Credit Union Act* is the first general statute for establishing credit unions in the U.S. Massachusetts Bank Commissioner Pierre Jay and wealthy Boston merchant Edward A. Filene combine efforts to enact the state bill. Filene earns the moniker, "Father of U.S. Credit Unions." His keen interest and active philanthropic efforts see credit unions organize and grow to meet the financial needs of the underprivileged and to promote economic growth.

1920 After a few minutes' conversation, Filene makes a wise choice in hiring Roy F. Bergengren to energize and expand a fledgling credit union movement. The credit union ideal to promote thrift and eliminate exploitation of the poor sparks Bergengren's humanitarian spirit. The 40-year-old Massachusetts attorney is disillusioned with his struggling law practice and his inability to rectify the financial plight of his poor clients.

More than any other individual, Bergengren develops today's credit union system, infusing new life and quickly expanding the growth of credit unions.

1921 Filene and Bergengren organize CUNA's forerunner, the Credit Union National Extension Bureau. Its primary goal — form new credit unions, enact state credit union laws and promote the philosophy of credit unions. Thirty-eight states and the District of Columbia enact credit union laws between 1921 and 1935 and the number of credit unions expands from 199 in 1921 to 3,000 by 1935.

20th Century NCUA & Credit Union Events

1932 Roy Bergengren meets with Texas Senator Morris Sheppard to discuss the need to organize credit unions under federal law. Bergengren believes a U.S. law permitting federal credit unions to organize is imperative. "A federal credit union law would be a sort of blanket insurance policy for all our state laws, giving us an alternative method of organization," he writes.

1934 A U.S. Senate report sums up how credit unions fared during the depression years — "In the 38 states and the District of Columbia (where credit unions existed), there have been no involuntary liquidations…Their record for honest management is exceptional…They have proved their durability and have served their members uninterruptedly during the worst depression in our history."

1934 Of the three federal credit union bills Senator Morris Sheppard and Roy Bergengren draft in 1933, the Senate adopts a bill by unanimous consent on May 10 to incorporate federal credit unions.

1934 On June 14 in the final minutes of the 73rd Congress, pressured by Bergengren, Alabama constituents and President Franklin Delano Roosevelt, House Banking Committee Chairman

Henry Steagall walks onto the House floor at 7:15 p.m. and asks the full House to consider by unanimous consent a Senate approved, House amended federal credit union bill. Before the allotted 30-minute debate expires, the House passes the bill with two dissenting votes. When the bill reaches the Senate floor at 8:30 p.m., Senator Sheppard interrups the Senator addressing the room and asks for unanimous consent to pass the federal credit union bill "as amended unread." No one objects. President Roosevelt signs the *Federal Credit Union Act* into law June 26, 1934.

20th Century NCUA & Credit Union Events

1934 The new Federal Credit Union Division is placed under the Farm Credit Administration, the agency attempting to deal with financial problems facing rural America.

1934 Bergengren compiles a list of six or seven leading credit union activist to head the new credit union division. On July 16, he sends a telegram to first choice Claude Orchard, an Omaha executive at Armour & Company. Orchard responds immediately, is interviewed July 23 by the Farm Credit Administration governor and is appointed several days later.

1934 As head of federal credit union supervision, Claude Orchard institutes a policy of actively encouraging the organization of both federal and state chartered credit unions. The type of charter is determined "by the wish of the credit union itself," Orchard says.

Claude Orchard leads the federal credit union program for 19 years, primarily focusing efforts to acquaint credit unions with the new laws and goals along with organizing new credit unions.

1934 On October 1, 1934, Morris Sheppard FCU in Texarkana, Texas, is the first federal credit union chartered. The number quickly grows.

1934 Filene, Bergengren, Orchard and 52 credit union leaders, organizers and state league officers from across the country meet at Estes Park, Colo., from August 7 to 11 to draft a Constitution and bylaws for a national association to foster the U.S. credit union movement and support the "cooperative credit movement abroad." By year-end, 34 states and the District of Columbia ratify the Credit Union National Association constitution and bylaws.

1942 Growing rapidly, with about 4,100 federal credit unions in operation, federal supervision is transferred to the Federal Deposit Insurance Corporation. The number of federal credit unions falls to 3,800 over the next five years. "Our first months with the FDIC were very difficult," Director Claude Orchard said. In each FDIC regional office, one man is appointed to credit union specialist. A secretary and 1 to 3 field examiners assist him.

1948 In a new home at the Federal Security Administration, the renamed Bureau of Federal Credit Unions and federal credit unions prosper. Regional directors are appointed, boundaries expand and the number of federal credit unions grows to nearly 6,000 with 2.8 million members by 1952.

1953 J. Dean Gannon becomes director of the Bureau of Federal Credit Unions as it moves to the new Department of Health, Education and Welfare. In the upcoming 17 years, the Bureau becomes self-sufficient, financed by federal credit union fees. Statute changes between 1959 and 1968 permit unsecured loan limits to rise from $750 to $2,500.

1970 General Herman Nickerson, Jr., heads the National Credit Union Administration as it becomes an independent federal agency. The National Credit Union Share Insurance Fund is created with members' shares insured up to $20,000 after operating 36 years without federal deposit insurance.

1974 Insurance coverage on member deposits increases to a maximum $40,000.

1976 C. Austin Montgomery becomes the NCUA administrator until 1997 as variable-rate share and share certificate accounts, lines of credit, 30-year real estate loans, and a 12-year maturity limit on consumer loans are implemented. The share secured loan limit is eliminated.

20th Century NCUA & Credit Union Events

1979 NCUA's administrator is replaced with a three-member Board consisting of former administrator and newly appointed Chairman Lawrence Connell, Dr. Harold A. Black, and Vice Chairman P.A. Mack. The Central Liquidity Facility is established.

1980 Deregulation under the Depository Institutions Deregulation and Monetary Control Act gives all financial institutions added flexibility. Credit unions gain permanent authority for share draft accounts and the maximum allowable interest loan rate charge is raised for the first time in 46 years. Share insurance coverage increases to $100,000.

1981 Liquidations and share payouts reach a high 251 and $78.6 million respectively.

1981 Penn Square Bank fails, setting off a chain of events significantly affecting the entire nation as an enormous government bailout ensues. After several years of economic decline in various industries, credit unions are faltering when the NCUA Board, led by Edgar F. Callahan takes action to assist credit unions and control losses to the dwindling share insurance fund. The NCUA Board adopts policy changes allowing for mergers, field of membership expansions and multiple group membership. Chartering is encouraged and student credit unions are formed. Supervision is enhanced — annual examinations are initiated with additional follow up for credit unions rated codes 4 or 5.

1982 Credit union savings soar 20.7 percent, loans grow 17.2 percent and assets increase 19.8 percent in a banner year. More than 7,000 groups join existing credit unions under NCUA's multiple group expansion policy. Membership reaches 26.8 million, with nearly 70 percent of the 19,000 federally insured credit unions under $2 million in assets. Total assets reach $100 billion. The NCUA Central Liquidity Facility and U.S. Central Credit Union sign an historic agreement nearly quadrupling CLF membership and giving 90 percent of credit unions a permanent source of backup liquidity.

1984 The U.S. Postal Service issues a commemorative stamp honoring the 50th Anniversary of the *Federal Credit Union Act*. Federally insured credit unions submit $850 million to fully capitalize their new, uniquely restructured National Credit Union Share Insurance Fund.

20th Century NCUA & Credit Union Events

1984 Administration of the Community Development Credit Union Revolving Loan Fund is transferred to NCUA from the Department of Health and Human Services.

1986 Federal credit unions grow rapidly—assets increase 22 percent, loans grow 14.6 percent and savings' gain 22.8 percent over 1985. Under the administration of Roger W. Jepsen, NCUA develops an extensive training program, incentive awards and management development.

1987 Staff development and technology is key as examiners move from pencil and paper to "laptop" computers and the automated exam becomes reality. A total 222 additional examiners are hired, bringing examiner staff to 543, while an additional 46 new hires are scheduled for 1988. Examiners receive eight weeks of training in their first year on the job.

1991 January 1, Governor Sundlun announces the Rhode Island Share Deposit Indemnity Corporation is insolvent and declares a "bank holiday" closing the state's 35 credit unions and 10 banks. Within one week, NCUA notifies 22 credit unions they qualify for federal insurance, following an intense 42-day effort by 32 NCUA staff members.

The event precipitates a flood of insurance applications from privately insured credit unions nationwide. A total 432 state-chartered credit unions convert to federal coverage in 1991.

1993 NCUA adds the Office of Corporate Credit Unions and the Office of Community Development Credit Unions in Norman E. D'Amours first year as Chairman.

20th Century NCUA & Credit Union Events

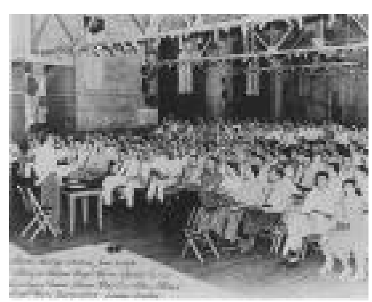
These new offices and subsequent regulation changes expand the supervision of corporate credit unions and step up NCUA's efforts to mirror the founding fathers' ideals that credit unions provide financial service to the many disenfranchised, low-income people across America.

1998 Congress moves quickly after NCUA and credit unions struggle two and a half years under an onerous court order and subsequent Supreme Court decision preventing field of membership expansions and severely curtailing mergers. After House and Senate approval, within days President Bill Clinton signs legislation restoring expansion privileges and providing for multiple common bond credit unions.

1999 In a strong economic climate, NCUA and federally insured credit unions thrive and grow, emulating the ideals of cooperative financial service, thrift and economic growth begun in North America 100 years ago.

Credit unions are and have been American's favorite financial institutions for many years. Today, over 75.3 million members have $357 billion saved in and $271.5 borrowed from the nation's 10,628 federally insured credit unions.

2000 An electronic-based marketplace seems destined to play a significant role in future financial services. NCUA began collecting website data from credit unions last year. The number of credit unions with interactive websites grew 99.4 percent in 1999 while the number of websites grew 33.2 percent.



Board Statements

Norman E. D'Amours
Chairman

Credit Unions Set the Example

The final NCUA board meeting of the century might be a defining moment for this agency and its effectiveness and commitment as the regulator for a non-profit credit union system that has a statutory social mission to provide low-income Americans with access to fairly priced financial services.

To my delight, the Board unanimously agreed to assist our state counterparts in their upcoming efforts to combat predatory lending practices across the country. This is an explosive issue that I've been discussing with credit unions for six years. In fact, the purpose for the National Small Credit Union Program and free educational workshops that our office of Community Development Credit Union's has worked for and sponsored the past several years is aimed at helping credit unions become a better financial alternative for low- and moderate-income consumers than the loan sharks, payday lenders, check cashing outlets, pawnshops and rent-to-own stores that permeate our lower-income communities.

My hope for 2000 is that credit unions set the example for the rest of the financial services industry. How do we do that? By examining our own practices and making sure that we are focused on inclusion, fairness and superior service for all Americans, including those in the lower-income brackets.

NCUA's proposed strategic plan helps the agency focus on this effort. Credit unions can contribute enormously to the vibrancy and longevity of the credit union movement by supporting such efforts.

We started 1999 on a wonderful high. The Agency implemented regulations for landmark legislation, the *Credit Union Membership Access Act*. In the following 12 months, federal credit unions affiliated 16,290 new groups to their existing fields of membership. Federally insured credit union failures were kept a low 23, and the Share Insurance Fund is as strong as ever.

The Y2K computer challenge was met and handled with flying colors. Everyone at NCUA and involved with credit union management can be proud of that successful effort. Without a doubt, credit unions are growing and enjoying exceptionally good times. New and extremely important challenges accompany that growth.

Congress and the public are watching credit unions more closely than they have in the past. It is up to all of us to assure that no one can seriously doubt that credit unions are keeping faith with their original goals and philosophies.

Credit Unions are Well-Positioned to Serve in the New Century

The last year of the 20th century was a time when credit unions consolidated their gains from the *Credit Union Membership Access Act* and positioned themselves for the future. On the last day of 1999, millions of American consumers had new access to credit union services, many of them in low-income communities. It was a good beginning, and we will continue to seek ways to offer programs and incentives for credit unions to make their low-cost, alternative financial services available to consumers, particularly those who presently have no access to financial services of any kind.

We worked cooperatively and successfully with credit unions to make sure that they would be ready to offer uninterrupted service to their members past the century date change. Credit unions and the NCUA made the essential assessments, adjustments, and investments and, as a result, credit unions were well-positioned for December 31, 1999. It was a necessary, but worthwhile, expenditure of both time and money because credit unions are now poised to serve their members more effectively in a highly competitive, technologically sophisticated marketplace.

I am proud of the steps we took in 1999 to increase access to credit unions for all eligible consumers. The Small Credit Union Program, which passed in March 1999, was designed to increase credit union access in underserved communities and to provide regulatory tools to promote successful, financially healthy small credit unions. New field of membership regulations contained important provisions for expansion into low-income communities. Numerous credit unions throughout the country have already responded by including low-income communities in their charter expansion requests.

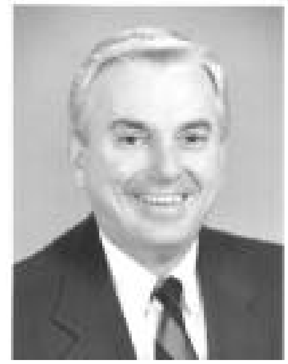
Credit unions will face many challenges and opportunities as they enter the 21st century. Due to the technology revolution, the world is changing rapidly in ways we could not have imagined a decade ago, and credit unions must respond. At the same time, the shifting demographics of our country offer new markets made up of people of

Yolanda Townsend Wheat
Board Member

various cultures, speaking many languages. Credit unions that serve a culturally diverse membership will have the added challenge of making sure that these differences are not allowed to serve as a barrier to access to financial services.

I believe credit unions are up to these challenges. Credit unions are uniquely positioned to help ALL segments of our population build assets and become financially independent. Credit unions can expect the NCUA to be a strong partner in helping them remain faithful to their mission to provide service to their members and faithful to their mandate to provide access to all Americans who qualify for it.

Challenges And Opportunities For A New Century



Dennis Dollar
Board Member

Nineteen ninety-nine proved to be yet another eventful and positive year for both NCUA and America's credit unions. I am pleased to report that the state of America's credit unions at the beginning of year 2000 was one of an unparalleled record of safety and soundness, coupled with promise and potential for extended service to members from all walks of life well into the new millennium.

Maintaining their historical trend of high levels of performance and member satisfaction, credit unions continued to report impressive numbers, indicating a system that is safe, sound and viable for this generation of members and the next. Assets and shares grew to ***$411 billion*** and ***$356 billion*** respectively with capital remaining strong at ***11.6%.*** The number of credit union members nationwide grew to over ***75 million*** people. The Share Insurance Fund returned its fifth straight annual dividend to credit unions after another year of strong, steady performance.

The year also brought with it new challenges and opportunities. With enactment of the *Credit Union Membership Access Act* (CUMAA) in August 1998, implementation efforts took center stage in 1999. Consistent with the provisions of CUMAA, the new *Field of Membership and Chartering Manual* was approved by the NCUA Board and took effect in January 1999, opening the door to credit union service for tens of thousands of unserved and underserved American consumers.

The Year 2000 computer issue continued to dominate much agency attention and resources throughout 1999. Through careful planning, education and preparation, Y2K concerns were identified and rectified early. This pro-active approach ensured a smooth transition and ongoing financial services for credit unions and their members as they entered the new century.

Undoubtedly, Year 2000 and a new millennium will bring with them additional challenges and opportunities. NCUA remains committed to providing a regulatory environment that empowers credit unions to meet those challenges and take advantage of those opportunities within a framework of safety and soundness.

Administration

NCUA Transforms to be More Flexible and Responsive

Modern, rule-driven government is the result of actions taken to overcome the abuses and failings of early 19th century government structures. As we enter the 21st century, the limits of current government system models are felt more and more, causing government organizations to struggle with overcoming limitations while attempting to create adaptable institutions capable of continuous improvement and responsive to changing environments.

1999 was a year of transition for NCUA. Infrastructure was put into place to transform the agency over the next few years into a more flexible, responsive organization structured to succeed in the 21st century. While some changes are transparent to credit unions, others are not. Results will provide a talented examiner cadre flexible enough to work effectively with various credit union situations. Our goal is to establish an environment where managers can manage, innovators can innovate, and success generates appropriate rewards.

Strategic Planning

The most significant change is the approach used to develop NCUA's strategic plan for the next five years. NCUA decided not to allow the requirements under the *Government Performance and Results Act* to deteriorate into nothing more than another simplified reporting process of very complex concepts. Rather, we decided to use the impetus of the law to transform into a strategic thinking organization.

In the strategic planning process, we chose to look beyond the narrow boarders of NCUA and develop an understanding of issues that will have a significant impact on the industry. While the plan is still in draft stages, the process of development has already made significant changes in the agency, including more dialogue with a wider variety of industry experts on numerous issues affecting the future of credit unions.

After gathering that information through a variety of sources, we stepped back and looked at ways NCUA could remove barriers to credit unions facing specific challenges without relinquishing a firm hold on safety and soundness.

Carolyn Jordan
Executive Director

One concept we've placed in the strategic plan is the idea of partnering with numerous segments of the industry. The overwhelming success of Y2K, when NCUA partnered with credit unions, trade associations, vendors and other regulators to develop cohesive strategies is a working model that we believe needs to be employed in the future as evolving issues move to the forefront.

Year 2000 Readiness

The hard work by credit unions, trade associations, vendors and regulators paid off by diligently managing Y2K into a nonevent.

Administration

The 1944 Annual Report of Operations for Federal Credit Unions states,

Directors and committee men of Federal credit unions have had to meet their full share of the new and perplexing problems......The record shows that these problems have been met, in general, with courage and good judgment.

I think these words are as true today regarding the Y2K mobilization as they were in the World War II era when they were written.

While credit union members may never realize the extent of challenges weathered to bring them a smooth transition into the new century, I hope all credit unions' staff members take a bow for their exemplary showing. I am personally proud of the role NCUA played in providing oversight and the extraordinary efforts NCUA staff made to manage the risk Y2K presented.

Other Operational Actions

1999 also marked the roll-out of new regulations and policies required by the *Credit Union Membership Access Act (CUMAA).* We established new chartering and field of membership policies, proposed rules for prompt corrective action, developed internal privacy and security disclosures, revised the call report to comply with generally accepted accounting principles and finalized member business loan rules. Enacting CUMAA and the *Regulatory Flexibility Act* requirements meant that more regulations were written, simplified and clarified in 1999 than in any other single year.

Internally, we had studies performed on NCUA's equal employment opportunity practices, compensation system and computer security. We established a recruitment committee of supervisory examiners that helped overhaul our archaic recruitment activities and placed us in a competitive position able to attract top quality applicants. We continued to invest in professional staff development, employee training and other forms of individual potential building to improve the skill and leadership capabilities at all levels within NCUA.

A major thrust late in the year formed the Future Examination Program Committee, comprised of employees from a variety of field positions. This committee is working diligently on streamlining the future examination process while determining how examinations can cover the right risk areas.

Future Issues

The next few years will bring many changes to the industry in technology, competition and the changing demographics of memberships. I am confident that credit unions will meet those challenges.

That same 1944 Annual report said,

Federal credit unions are affected, like other financial organizations, by variations in general economic conditions. While these institutions will no doubt be called on to meet many new and different obstacles in future years, the manner in which they have adapted themselves to the world-shaking changes during their first decade can be looked on as a good omen.

NCUA recognizes the need to be progressive in examination practices and regulatory actions. I am committed to continue fostering a leadership mentality within NCUA that assures we are not a barrier but a flexible regulator ensuring credit unions remain strong, vibrant, innovative financial institutions for the next 100 years.

Supervision

Effort Achieved Smooth Sailing into 2000

Nineteen ninety-nine saw much of NCUA's human and financial resources continue to fuel the agency's commitment to ensure that NCUA and credit union computer systems were prepared for Year 2000 (Y2K), the century date change.

To guarantee adequate staff time was devoted to oversee Y2K preparations, two years ago the agency implemented a deferred examination program extending the annual examination program to 18 months and diverting extra time and resources to Y2K. In 1999, NCUA examiners spent over 122,000 hours performing Y2K contacts at credit unions and collecting Y2K information.

In a unified effort, NCUA worked closely with the credit union industry, Congress, fellow regulatory agencies and the Federal Reserve ensuring that all financial institutions were prepared and that ample liquidity would be available to meet credit union demand. Extensive preparation helped the entire financial sector successfully answer the Y2K challenge.

Field of Membership

A new *Chartering and Field of Membership Manual* (IRPS 99-1), implementing many provisions of the *Credit Union Membership Access Act (CUMAA)*, became effective January 1, 1999. Without question, the new chartering policies are having an impact on federal credit unions. While federal credit unions can once again add select groups, states with more liberal field of membership polices have increased the number of conversions from federal to state charters.

Taking at look at charter changes processed in 1999:

- 34 federal credit unions converted to state charter
- 3 credit unions converted to mutual savings banks
- 56 credit unions converted to community charter, and
- 1,431 multiple common bond credit unions expanded to add a total 16,290 groups and 1,544,416 potential members

The number of conversions to community charter decreased slightly from 1998 figures.

Supervisory Committee

The NCUA Board issued a final supervisory committee rule in July 1999, also implementing provisions of *CUMAA*. The revised regulation requires credit unions over $500 million in assets to obtain an annual opinion audit performed by a licensed CPA. Credit unions under $500 million in assets may do the same or follow one of three alternatives:

1. Obtain an audit opinion on the balance sheet only;
2. Obtain an audit of internal controls over call reporting; or
3. Perform a *Supervisory Committee Guide* audit.

To assist credit unions that use the last option, NCUA posted a revised *Supervisory Committee Guide* on our web site in December 1999.

Call Report Changes

The call report (NCUA Form 5300) was also revised to comply with new requirements mandated by CUMAA. The statute requires credit unions with assets over $10 million to file reports with NCUA that comply with generally accepted accounting principles (GAAP). This demanded significant changes to the call report form, primarily in the form's presentation. NCUA consulted with the American Institute of Certified Public Accountants (AICPA) during the process of identifying and making the necessary changes. NCUA then issued a *Letter to Credit Unions* notifying the industry of the proposed changes and encouraging feedback during a public comment period. The revised call report was implemented during the September 1999 reporting cycle for federally insured credit unions with assets over $50 million. The revised call report went to all federally insured credit unions for the December 1999 reporting cycle.

Prompt Corrective Action

CUMAA also amended the *Federal Credit Union Act* by requiring that NCUA adopt a system of prompt corrective action ("PCA") to restore the net worth of inadequately capitalized federally-insured credit unions. The statute designated three principal components of prompt corrective action:

1) a framework of mandatory actions prescribed by the statute and discretionary actions developed by NCUA that are indexed to five statutory net worth categories;
2) an alternative system of PCA for credit unions that CUMAA defines as "new"; and
3) a risk-based net worth ratio for credit unions that NCUA defines as "complex."

Regulations implementing the first two components must be finalized by February 7, 2000, and effective by August 7, 2000. A regulation implementing the third component must be issued by August 7, 2000, and effective by January 1, 2001.

On May 3, 1999, NCUA issued a proposed regulation for public comment on the first two components of PCA. Eighty-four comment letters were received by the August 31, 1999, deadline. Many suggested revisions will be reflected in the final regulation. The final rule implementing the first two components and a proposed rule addressing the third component were released in early 2000.

2000 Brings Emerging Information System Review and AIRES 2000 Debut

NCUA totally redesigned the automated, integrated regulatory examination system (AIRES) and named the new software program AIRES 2000. The agency will distribute the new program and new computers to both federal and state examiners in the second quarter of 2000. AIRES 2000, accompanied by new computers, will increase the effectiveness and efficiency of the examination program.

Information Systems Exam

In 2000, the Office of Examination and Insurance will be working to develop an information systems examination (ISE) program, including cyber services. Outside assistance will be contracted to assist in this process. Examiners will receive ISE training as it evolves at scheduled 2000 regional conferences. Information system exams will be conducted on a limited basis during the year as the program develops.

Litigation, Regulation and Enforcement

Credit Union Membership Access Act Implemented; Banks Mount Challenge

With the passage of the *Credit Union Membership Access Act* of 1998 (CUMAA), Office of General Counsel staff he1ped craft an implementing policy designed to withstand an expected legal challenge. The NCUA Board passed IRPS 99-1, a complete rewrite of NCUA's field of membership (FOM) policy, in order to implement the provisions of CUMAA.

On January 8, 1999, the American Bankers Association and others filed a broad challenge to IRPS 99-1. The complaint asked the U.S. District Court for the District of Columbia to find that NCUA's new policy violated the *FCU Act* and to issue a preliminary injunction setting aside any FOM actions based on IRPS 99-1. On March 10, 1999, the ABA's request for a preliminary injunction was denied. This ruling left IRPS 99-1 in effect while the lawsuit is decided. In response to that ruling, plaintiffs amended their complaint and another bank trade association, America's Community Bankers, asked for permission to file a friend of the court brief supporting the plaintiffs.

NCUA's litigation staff is working closely with the U.S. Department of Justice attorneys who are defending the NCUA policy. NCUA's attorneys have filed motions with the Court to limit discovery and dismiss most of the issues. Year 2000 arrived with NCUA awaiting resolution of these motions.

The lawsuit also includes challenges to four community charter conversions / expansions under old chartering rules in effect prior to implementation of IRPS 99-1. Litigation staff is preparing responses to these challenges, which are likely to be resolved after the Court decides the pending motions.

Major Regulatory Changes

The Office of General Counsel completed work on several regulations required by the CUMAA. These regulations covered many areas, including:

- Member business loans;
- Insurance premiums;
- Supervisory committee audits; and
- Conversions of insured credit unions to mutual savings banks.

Regulations concerning prompt corrective action were also proposed.

Major regulatory improvements included a final comprehensive revision of the standard federal credit union bylaws and a completely updated regulation on fidelity bond requirements.

Litigation, Regulation and Enforcement

Other final regulations addressed a broad range of areas including:

- Charitable contributions;
- Statutory liens;
- Changes in senior officials at new or troubled credit unions;
- *Truth-in-Savings Act* requirements;
- Flood insurance; and
- Management interlock requirements.

The Office of General Counsel is committed to writing regulations in a simple, understandable style to enhance comprehension for all users.

Enforcement Orders

NCUA continued to use its supervisory enforcement tools in appropriate cases to deal with abuses in insured credit unions. During 1999, the agency issued 35 prohibition orders and one cease and desist order.

Year 2000 Initiatives

In addition to writing clear, understandable regulations, NCUA's Office of General Counsel is asking its attorneys to bear in mind a few new agency initiatives as they draft rules and policies and undertake administrative actions in year 2000 —

- Recognize that credit unions must be prepared to safely integrate financial services and emerging technology to meet the changing needs of members.
- Draft regulations and policies that permit credit union innovation to meet members' financial service expectations.
- Review legal issues and proposals in light of credit unions' unique position of offering financial service to people not served by mainstream financial institutions.

Community Development Credit Unions

Proactive Visibility and Service

The Office of Community Development Credit Unions (OCDCU), working with other government agencies and credit union trade associations, sustained proactive efforts during 1999 to increase the visibility and relevance of low-income designated credit unions in the financial marketplace. NCUA maintained support of small and low-income designated credit unions through Small Credit Union Program initiatives aided by the regional economic development specialists.

Revolving Loan Program Activity

In order to assist a growing number of small credit unions with problems such as complying with the mandates of Y2K, the Community Development Revolving Loan Program (CDRLP) extended the authorization for using funds from accumulated earnings and provided 68 loans designated to help meet credit union needs in 1999.

Congress continued to demonstrate its support of the CDRLP by authorizing an additional $4 million for the fund. These funds will enable further expansion of the revolving loan program in year 2000.

The CDRLP continues to be a source of low-interest loans and free technical assistance grants to low-income designated credit unions. During 1999, the program granted nine loans totaling $1,875,000. Sixty-nine loans totaling $7,522,854 were outstanding at year end.

The technical assistance (TA) grants program, financed with investment earnings from the CDRLP, provided operational funding for training, marketing, audits and purchase of equipment during 1999. Overall, the TA program received 207 requests, totaling $1,103,236. In all, 140 grants were approved totaling $561,279. Of the grants awarded, 41 totaling $225,399 were for computer upgrades to help credit unions become Y2K compliant.

Student Internship Program

The Office of Community Development Credit Union's 1999 College Student Summer Internship Program was the most successful to date. The program creates partnerships between low-income designated and other credit unions (large and small), and college juniors and seniors to train and develop a pool of potential credit union managers. The students selected are business, finance or marketing majors.

With technical assistance grant stipends, the 1999 summer intern program matched 27 college student interns with 54 different credit unions. Stipends totaled $67,500 in 1999, compared with a total of $35,000 in 1998 for 14 student interns.

National Small Credit Union Program

The National Small Credit Union Program (NSCUP) was enacted in March 1999 by the NCUA Board. The program currently authorizes 12 economic development specialists (EDS) and 61 small credit union program specialists (SCUPS). The main responsibilities of the economic development specialists are to train and mentor small credit union officials, emphasizing record keeping, lending and delinquencies, etc., in addition to training and working with SCUPS within the regional supervisory examiner groups. Other duties of the EDSs are

Community Development Credit Unions

to promote and maintain the safety and soundness of small credit unions. The SCUPS are available to provide assistance to small credit unions that have not been assigned to an EDS. The SCUPS are located throughout the regions and are generally available on an emergency basis to provide immediate assistance to credit unions if an EDS is not available.

Workshops for Small and Low-Income Designated Credit Unions

The Office of Community Development Credit Unions conducted three workshops during 1999.

Beginning in the fall of 1999, the first weekend *Empowerment 2000 Workshop*, was held in Honolulu, Hawaii, following the same basic format that was presented in 1998. The other two weekend *Empowerment II Workshops*, were held in Albuquerque, New Mexico, October 22 - 24, and Miami, Florida, November 12 - 14.

Sessions began on Friday night with a town meeting with Chairman Norman D'Amours. During the town meeting, the Chairman and the local NCUA regional directors hosted spirited, in-depth open dialogues with attendees covering a variety of topics important to small credit unions. On Saturday and Sunday, credit union officials selected sessions from an ambitious agenda of timely issues, including:

- Investments;
- Financial ratios and trends;
- Budgeting;
- Strategic planning;
- Developing the board of directors;
- Prompt corrective action;
- Audit regulations; and
- Credit collections and bankruptcy.

Attendees said the workshops provided a great opportunity to network and discuss issues with people who share common problems while gaining valuable information and workable solutions to the problems. Stipend assistance to attend the workshops was granted on a first-come, first-serve basis to qualified credit unions.

Approximately 600 national and international people attended the workshops. There were participants from approximately 76 different Hawaii credit unions and approximately 220 different New Mexico and Florida credit unions. Our focus on workshops and training for small credit unions in ensuing years will be at the local regional level.

Projected Focus for 2000 Programs

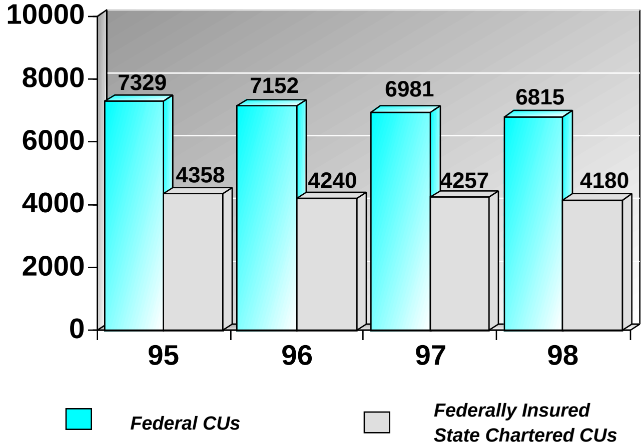
The OCDCU plans to recommit to the mandates of the CDRLP. Staff will participate in training and development in industry related programs and join credit union practitioners in other training endeavors.

The OCDCU plans to coordinate an effort with the credit union examination process to ensure that small credit unions are not deterred from taking advantage of programs such as the CDRLP because of the thresholds imposed under Prompt Corrective Action (PCA) requirements.

Insured Credit Union Activity

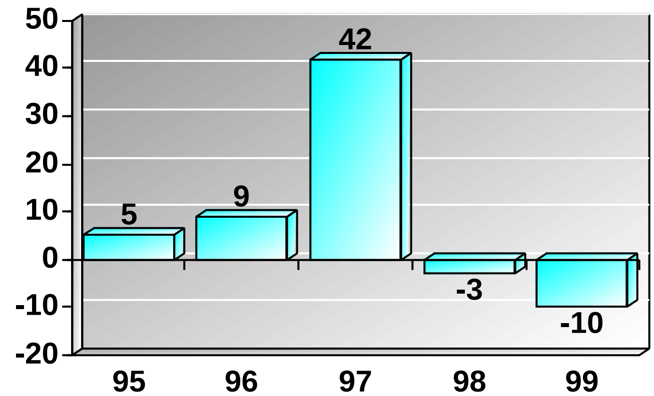
Number of Federally Insured CUs

December 31



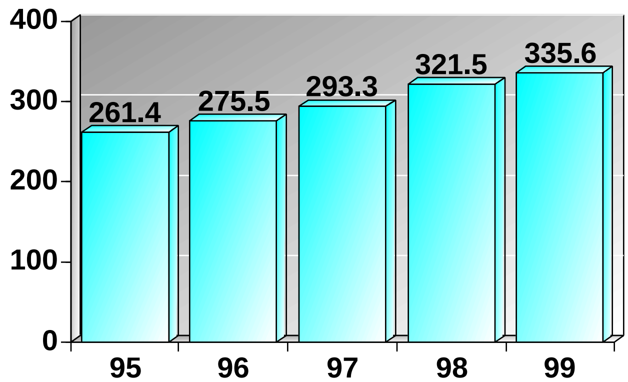
Net Conversions to Federal Insurance

Fiscal Year



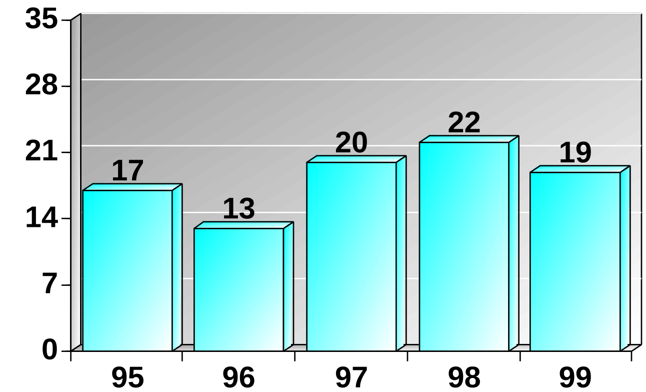
Total Insured Shares

December 31 (in Billions of Dollars)



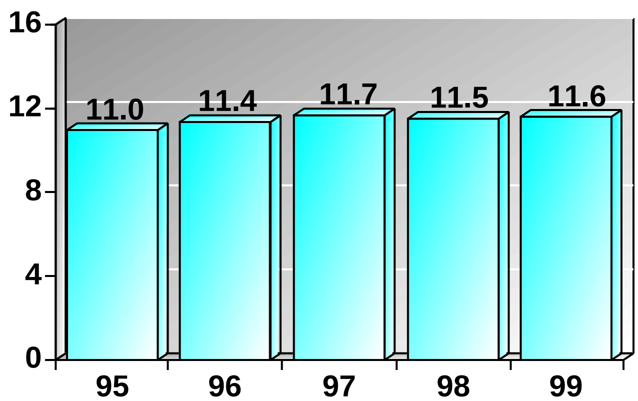
Total Liquidations

Fiscal Year



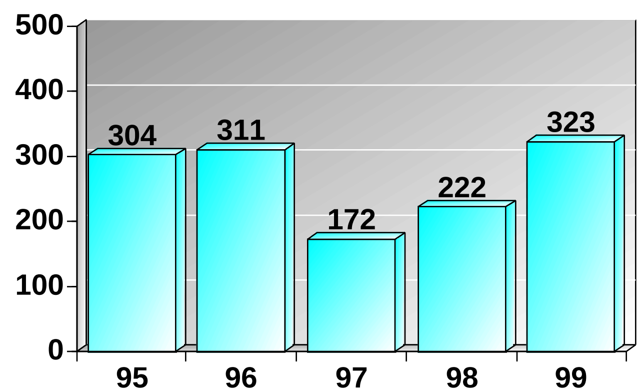
Credit Union Capital Ratio

December 31 (by Percent)



Total Mergers

Fiscal Year



Insured Credit Union Activity

CHANGES IN FEDERALLY INSURED CREDIT UNIONS
FISCAL YEAR 1999

	FEDERAL CREDIT UNIONS	FEDERALLY INSURED STATE CREDIT UNIONS	TOTAL
Number January 1, 1999	6,815	4,180	10,995
Additions:			
New federal charters	6		6
New state charters		7	7
Conversions	7	30	37
	(FISCU to FCU 7)	(FCU to FISCU 30)	
	(NFICU to FCU 0)	(NFICU to FISCU 0)	
Subtractions:			
Mergers:			
Assisted	(6)	(2)	(8)
Voluntary	(188)	(127)	(315)
Mergers in process	(12)	(9)	(21)
Liquidations:			
Voluntary	(3)	(1)	(4)
Involuntary	(9)	(6)	(15)
Liquidations in process	(7)		(7)
Conversions	(37)	(10)	(47)
	(FCU to FISCU 30)	(FISCU to FCU 7)	
	(FCU to NFICU 4)	(FISCU to NFICU 2)	
	(FCU to NON-CU 3)	(FISCU to Non-CU 1)	
Number, December 31, 1999	6,566	4,062	10,628
Net Change	(249)	(118)	(367)

FCU = Federal Credit Union
FISCU = Federally Insured State-Chartered Credit Union
NFICU = Privately Insured State-Chartered Credit Union
Non-CU = Non-credit union charter

Multiple Common Bond Credit Union Expansion
January 1 - December 31

REGION	I	II	III	IV	V	VI	TOTAL
Number of Credit Unions	189	308	290	199	229	216	1431
Number of Groups Added	1,754	3,173	4,173	2,122	2,639	2,430	16,290
1-200	1,627	2,930	3,808	1,909	2,414	2,195	14,883
201-500	76	134	239	139	148	132	868
501-1,000	31	67	78	41	41	51	309
1,001-1,500	7	22	21	18	20	24	112
1,501-2,000	5	6	16	7	11	13	58
2,001-3,000	6	13	10	8	4	12	53
over 3,000	2	1	1	0	1	3	8
Potential New Members	157,975	280,765	381,603	211,386	248,665	264,022	1,544,416
Average Size of Groups Added	90.1	88.5	91.4	99.6	94.2	108.7	95.4
Applications Denied	14	101	47	30	53	93	338
Deferrals*	247	489	610	129	436	229	2,140*
Applications for Groups of more than 3,000	14 (1 denied, 13 deferred)	6 denied	12 (1 denied, 11 deferred)	4 denied	20 (7 denied, 13 deferred)	12 (1 denied, 11 deferred)	68 (20 denied, 48 deferred)
Largest approved	3,800	3,998	5,925	2,700	10,000	5,000	

***** 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

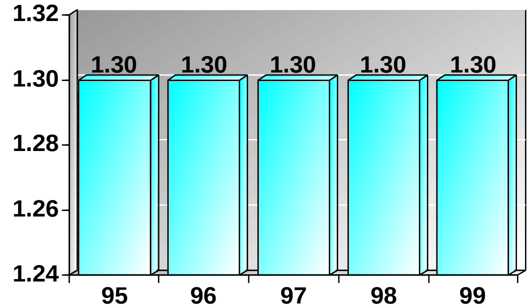
Excellent Record Continues

The National Credit Union Share Insurance Fund (NCUSIF) completed another stellar year in 1999. For the fifth consecutive year, the Fund paid a cash dividend. After $88.4 million was returned to credit unions, the NCUSIF ended the year with a statutory maximum equity level of 1.3 percent. The Fund's ability to pay five consecutive cash dividends can be attributed to the overall good health of insured credit unions and the financial soundness of the NCUSIF. This is actually the sixth year in Fund history that a dividend was issued.

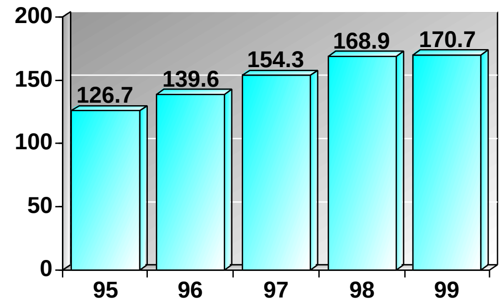
Historic Income Level

The Fund earned a record $229 million before expenses last year. Most NCUSIF earnings were derived from its $4.1 billion investment portfolio of U.S. Treasury securities. Operating costs of $58.4 million were $7.3 million greater than 1998, and net income was a historic high $170.7 million.

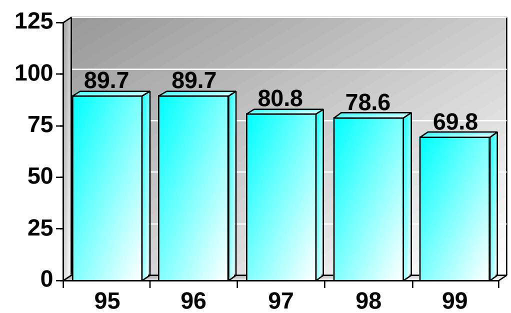
Equity Ratio
By Percent



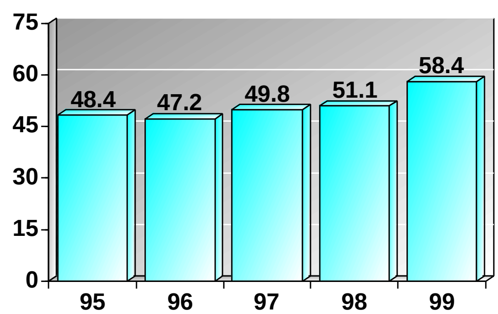
Net Income
In Millions of Dollars



Reserves
In Millions of Dollars



Administrative Expenses
In Millions of Dollars



Share Insurance Fund

NCUSIF Results

The NCUSIF ended 1999 with $69.8 million in reserves set aside for potential losses.. For the fifth consecutive year, the share insurance fund recorded no losses because reserves were considered to be adequate based on a review of historical and expected losses.

Twenty-three credit unions failed in 1999 resulting in $7.5 million charged to reserves. Eight failures resulted in assisted mergers and 15 credit unions liquidated (seven were purchase and assumptions). In accord with generally accepted accounting principles (GAAP), insurance losses are incurred when loss reserves are established for those institutions NCUA considers of greatest risk to the NCUSIF. Most of these credit unions have been classified as CAMEL codes 4 or 5. Insured shares in these credit unions are $2.7 billion, slightly less than one percent of total insured shares. Total problem-code 4 and 5 credit unions increased from 308 to 338 in 1999. However, credit unions rated code 4 or 5 for more than 24 months declined from 56 to 49.

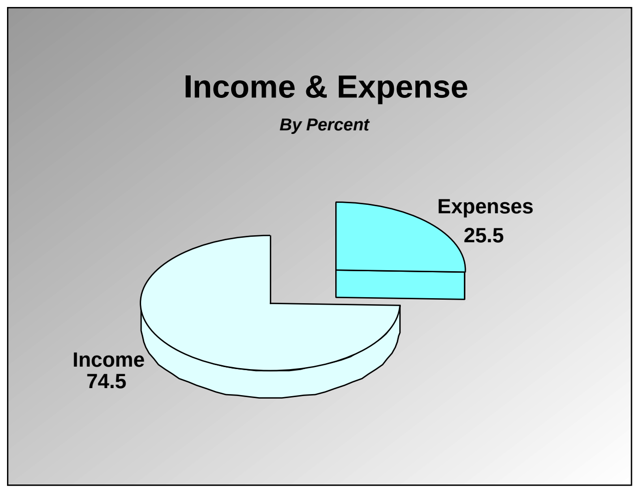
Total insured shares at credit unions grew a modest 4.4 percent to $ 335.6 billion during the year.

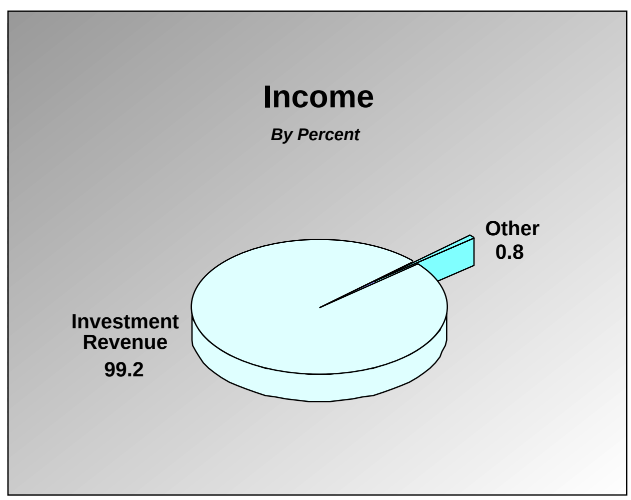
ADMINISTRATIVE COSTS
(IN THOUSANDS)

FISCAL YEAR	1997	1998	1999
Direct expenses	$1,160	$778	$1,074
Allocated expenses	48,607	50,293	57,318
Total administrative expenses	$49,767	$51,071	58,392
Percent of NCUA total administrative expenses	51.2%	50.4%	50.5%

RESERVES FOR ESTIMATED LOSSES
(IN THOUSANDS)

FISCAL YEAR	1997	1998	1999
Reserves—beginning of fiscal year	$89,667	$80,775	$78,626
Net charges for fiscal year	(8,892)	(2,149)	(8,781)
Provision for insurance losses	0	0	0
Reserves—end of fiscal year	$80,775	$78,626	$69,845





Share Insurance Fund

NCUSIF Pays Electronically

Due to the *Debt Collection Improvement Act* of 1996, NCUA is required to make electronic payments to credit unions after January 1, 1999. A concerted effort was made in 1999 to collect authorization agreements for electronic fund transfer payments from federally insured credit unions. At year-end, NCUA had collected 98% of credit union authorization agreements. Of those received, 95% are processed and pre-notification tests are being completed.

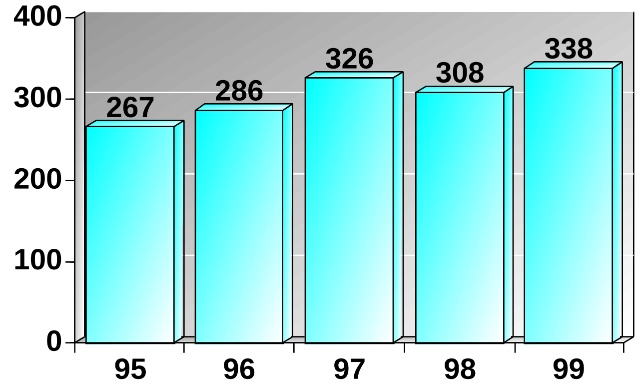
NCUSIF Earns 15th Unqualified Opinion

The NCUSIF received its 15th consecutive unqualified audit opinion on its fiscal year 1999, financial statements from independent auditors, Deloitte & Touche LLP. The audited financial statements and accompanying footnotes appear in the highlighted section of 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 in addition to the General Accounting Office.

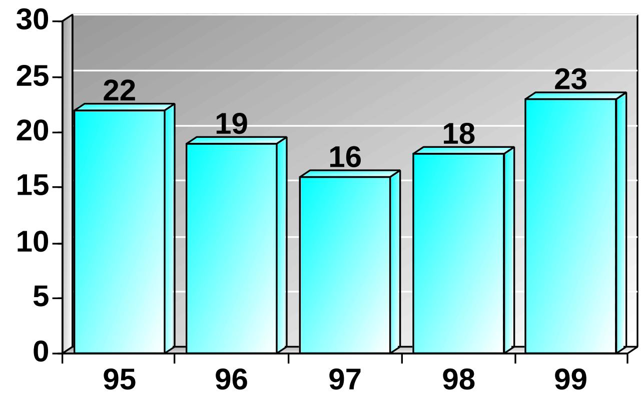
Number of Problem Credit Unions

Camel Codes 4 & 5



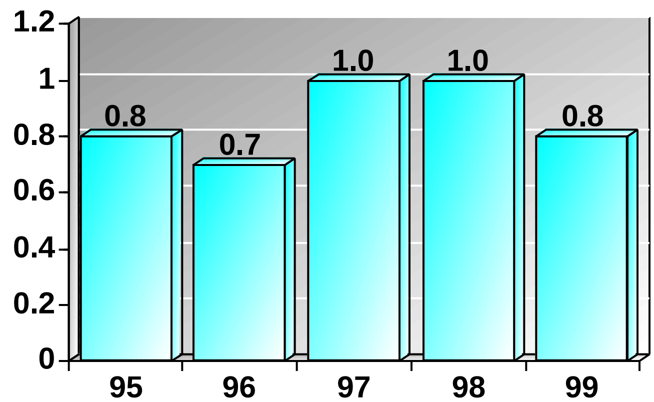
Involuntary Liquidations & Assisted Mergers

Number of Cases



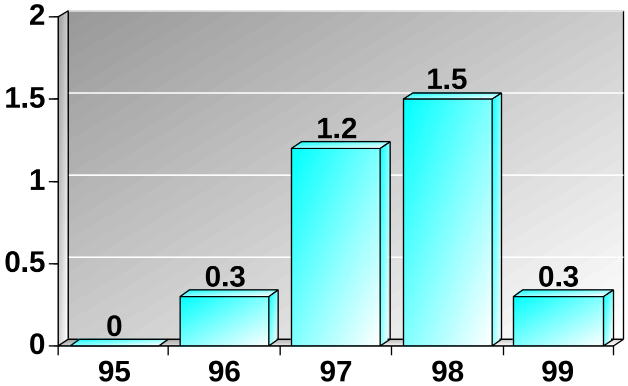
Percentage of Problem Shares to Total Insured Shares

By Percent

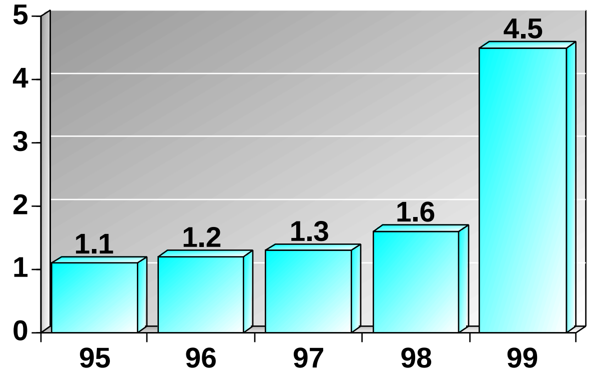


Share Insurance Fund

Cash Assistance Outstanding
In Millions of Dollars



Non-Cash Assistance Outstanding
In Millions of Dollars



SUMMARY OF CAMEL CODE 4 & 5 CREDIT UNIONS

Fiscal Year	1996	1997	1998	1999
Number of Code 4 & 5 credit unions	286	326	308	338
Percentage of insured credit unions	2.5%	2.9%	2.8%	3.2%
Shares in Code 4 & 5 credit unions	$1.8b	$2.9b	$3.2b	$2.7b
Percentage of NCUSIF natural person insured shares	.65%	.95%	.99%	.80%

PERCENTAGE OF SHARES BY CAMEL CATEGORY

CATEGORY	1996	1997	1998	1999
Code 1 & 2	92.9%	92.7%	90.2%	90.1%
Code 3	6.7	6.3	8.9	9.3
Code 4	.4	1.0	.9	0.6
Code 5	0.0	0.0	0.0	0.0
Totals	**100.0%**	**100%**	**100%**	**100%**

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
1989	109,653	57,518	167,171	4.7%
1990	117,881	62,082	179,963	7.7%
1991	127,316	72,467	199,783	11.0%
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%

Corporate Credit Unions

Y2K, Supervision and Emerging Technologies

The primary focus of the Office of Corporate Credit Unions' (OCCU) supervision efforts in 1999 was ensuring corporate credit union readiness for the century date change. The Y2K challenges facing corporates were unique in comparison to those facing natural person credit unions. A majority of credit unions depend upon the services provided by corporates (such as automated clearing house (ACH) and wire transfers) in order to meet the needs of their members. Further, corporates are the first line of liquidity for most credit unions.

During 1998, a Y2K examination was performed at each corporate credit union. In 1999, ongoing supervision contacts were performed to ensure any identified deficiency was adequately addressed. OCCU also worked with the corporates to develop Y2K-related liquidity projections. Corporate management recognized that their future viability was contingent upon a successful Y2K conversion. Through the cooperative efforts of corporate credit union management and staff, the state regulators and OCCU, the Y2K transition took place without any significant problems or disruption of services.

Looking Ahead

As corporates move into the new millennium, they face a number of challenges, some old and some new. With Y2K concerns fading into history, corporates will now be focused on striving to maintain a competitive standing with other financial institutions and service providers for their member base. Officials will need to determine if their individual corporate must redefine itself and the services it provides to keep pace with technological advances. Or, alternatively, if the corporate will seek to retain and strengthen its existing services and its traditional niche among its member credit unions.

The new millennium also provides OCCU with fresh challenges. As we move forward, our goal remains the same - a safe and sound corporate credit union system. We will focus our efforts on reviewing the corporate regulations and making changes as necessary, providing well trained and experienced staff to keep pace with the ever changing financial marketplace and dedicating our resources to the areas of highest risk.

Corporate Credit Unions

Federal Corporate Credit Unions
December 31, 1999

Corporate Name	City, State	Assets
Eastern Corporate	Woburn, Massachusetts	$ 997,242,353
Empire Corporate	Albany, New York	2,516,781,332
Kentucky Corporate	Louisville, Kentucky	274,814,576
LICU Corporate	Endicott, New York	5,597,497
Mid-Atlantic Corporate	Harrisburg, Pennsylvania	1,729,897,372
* Mid-States Corporate	Naperville, Illinois	2,987,051,007
Minnesota Corporate	Eagan, Minnesota	492,409,236
Nebraska Corporate	Omaha, Nebraska	102,076,214
Pacific Corporate	Honolulu, Hawaii	240,416,752
South Dakota Corporate	Sioux Falls, South Dakota	56,326,077
Southeast Corporate	Tallahassee, Florida	1,775,007,377
Southwest Corporate	Dallas, Texas	3,313,672,926
Tricorp Corporate	Westbrook, Maine	299,917,785
Virginia League Corporate	Lynchburg, Virginia	600,180,858
Western Corporate	San Dimas, California	12,446,130,300
Total		**$27,837,521,662**

Federally Insured State Corporate Credit Unions
December 31, 1999

Corporate Name	City, State	Assets
Alabama Corporate	Birmingham, Alabama	$ 528,396,844
Arizona Corporate	Phoenix, Arizona	554,802,100
Central Credit Union Fund	Auburn, Massachusetts	196,705,121
Central Corporate	Southfield, Michigan	1,676,035,323
Constitution State	Wallingford, Connecticut	844,869,091
*Corporate One	Columbus, Ohio	1,156,091,362
First Carolina Corporate	Greensboro, North Carolina	756,958,527
Georgia Central	Duluth, Georgia	750,569,655
Iowa League Corporate	Des Moines, Iowa	293,410,277
Kansas Corporate	Wichita, Kansas	250,540,772
Louisiana Corporate	Metairie, Louisiana	105,342,486
Northwest Corporate	Beaverton, Oregon	557,305,028
**Rocky Mountain Corporate	Salt Lake City, Utah	254,568,130
SunCorp	Arvada, Colorado	795,210,988
Volunteer Corporate	Brentwood, Tennessee	490,566,190
*Washington Corporate	Tukwila, Washington	214,920,891
West Virginia Corporate	Parkersburg, West Virginia	153,381,751
Total		**$ 9,579,668,536**

* Corporate One and Washington converted to Federal charters effective January 31, 2000.
**Name changed from Corporate Central Credit Union of Utah in 1999

Corporate Credit Unions

Nonfederally Insured Corporate Credit Unions
December 31, 1999

Corporate Name	City, State	Assets
Missouri Corporate	St. Louis, Missouri	$ 594,662,457
North Dakota Corporate	Bismarck, North Dakota	147,328,201
Treasure State Corporate	Helena, Montana	162,786,579
Wisconsin Corporate	Hales Corners, Wisconsin	883,800,325
Total		**$ 1,788,577,562**
Total for All Corporates		**$39,205,767,760**
(Excluding U.S. Central)		
U.S. Central Credit Union		$26,217,597,794

KEY STATISTICS ON FEDERALLY INSURED CORPORATE CREDIT UNIONS
DECEMBER 31, 1999 (IN MILLIONS)

	12/31/97	12/31/98	12/31/99
Number:	35	34	33
Assets:	$31,550.1	$41,276.2	$37,417.2
Loans:	289.9	120.4	1,165.9
Shares:	25,477.4	36,755.9	31,397.2
Reserves:	2,088.5	2,363.7*	2,688.5*
Undivided earnings:	393.1	454.5	482.0
Gross income:	1,756.4	2,120.8	2,225.4
Operating expenses:	136.7	156.7	179.9
Interest on borrowed funds:	143.8	103.2	101.4
Dividends and interest:	1,425.2	1,756.6	1,825.7
Reserve transfers:	5.4	19.6	34.6
Net income:	45.6	84.6	83.8

Dollar amounts do not include U.S. Central

Significant Ratios

	12/31/97	12/31/98	12/31/99
Reserves to assets:	6.6	5.7*	7.2*
Reserves and undivided earnings to assets:	7.9	6.8*	8.4*
Operating expenses to gross income:	7.7	7.4	8.0
Yield on assets:	5.7	5.1	5.8
Cost of funds to assets:	5.0	4.5	5.1
Gross spread:	.7	.6	.7

Ratios do not include U.S. Central
**Includes Membership Capital Accounts and Paid-in Capital*

Asset Management and Assistance Center

Duties and Responsibilities

The Asset Management Assistance Center (AMAC) in Austin, Texas, gained a new leader in 1999 as Mike Barton became president after serving many years as deputy to the president. This transition saw virtually every AMAC management position change, save one.

Within NCUA, the AMAC processes all involuntary liquidations; plus, it monitors, evaluates, manages and disposes of major assets acquired by the Share Insurance Fund. The AMAC also prepares and negotiates bond claims on assigned cases and provides consulting services to the regions and credit unions in the following areas:

- Accounting services;
- Real estate and consumer loan underwriting, evaluation and valuation;
- Loan collection policies and procedures;
- Conservatorship management – both operational management and advisory board duties;
- Bond claim settlements; and
- Loan portfolio sales.

1999 Accomplishments

During 1999, the AMAC assisted NCUA regional offices by providing staff for extended details as a conservatorship manager and a problem case officer. Twelve consulting assignments were completed by AMAC staff at various NCUA regional offices.

The AMAC processed one voluntary and four involuntary liquidations and nine purchase and assumptions. Following a liquidation, the AMAC processed four share payouts, returning deposits to members within two days. New liquidation accounting software was purchased, and staff was trained to use a new mobile share-pay-out system that AMAC developed.

The AMAC also implemented a lock-box system for loan collections and the bulk sale of a loan package was executed. In 1999, collection expenses were held to less than 12 percent on loans the AMAC services.

2000 Objectives

The AMAC's primarily goal in 2000 is to develop strategies to provide assistance needed by the regions and their supervised credit unions. To accomplish this, the AMAC will develop a strategic plan that details the types of services it can offer credit unions as well as the personnel and training required to successfully implement our plan. Specifically, the AMAC will offer consulting services the regions require to address issues such as the implementation of prompt corrective action.

Technology advances play an important role in how credit unions will conduct business in the future. The AMAC will continue to stay abreast of advances in technology and adjust operations to meet changing demands.

Central Liquidity Facility

Credit Unions' Contingency Liquidity Provider

The Central Liquidity Facility (CLF) was created by the *National Credit Union Central Liquidity Facility Act* in 1978. The Facility is a "mixed ownership Government corporation" within the National Credit Union Administration. It is owned by member credit unions and managed by the NCUA Board.

The purpose of the Facility is to stabilize credit union liquidity by providing a source for loans to meet liquidity needs.

CLF Borrowing Cap Raised

1999 proved to be a busy and important year for CLF and its members. The CLF's borrowing authority was raised to the maximum statutory level, enabling the CLF to borrow up to $20.7 billion, 12 times its subscribed capital stock and surplus. In previous years, CLF borrowing was restricted by a Congressional appropriations lending limit of $600 million. Congress recognized the potential need for Y2K-related liquidity and eliminated the restricted appropriation ceiling for fiscal year 2000.

Anticipatory Y2K Funding

Credit unions worked diligently in 1999 to prepare contingency funding plans. Many planned for extraordinary share withdrawals in the months preceding the century date change. This anticipatory funding need translated into CLF loan activity as some agent members opted to pass credit union loan demand through to the CLF. The CLF funded approximately $666 million of agent requests for mostly overnight loans. Three regular member loans totaling $27 million were also made during this period. All borrowers had short-term or seasonal liquidity needs. There were no liquidity disruptions caused by Y2K and credit union members remained calm and confident in the credit union financial system through year end.

Preparations For Emergency Needs

More than any other time in its 20 year history, in 1999 the CLF moved to the forefront of credit union contingency planning efforts. The unprecedented and unpredictable Y2K date conversion "event" was anticipated to potentially disrupt the "business as usual" liquidity needs of all depository institutions. While remote, the risk that technology system problems might adversely impact public confidence was a concern. If credit union shareholders reacted by withdrawing extraordinary amounts of funds, systemic liquidity disruption was a possibility.

To mitigate any potential disruption, the CLF embarked on a series of efforts in 1999 to enhance the ability to timely and efficiently respond to any member liquidity demand. These efforts included:

- Establishing temporary expedited procedures to respond quickly in the event of an extraordinary increase in demand for liquidity loans due to Y2K;
- Utilizing special Federal Financing Bank authority to borrow $1 billion in anticipatory funds to give the CLF immediate, significant lending capability; and
- Issuing operating circulars to regular and agent members to ensure that credit unions were aware of the procedures and forms needed to secure a CLF advance.

Funding CLF Operations

The CLF funds its operating costs with a portion of the earnings on investments of member stock deposits. During 1999, the CLF returned 100 percent of net income in dividends to members. The dividends averaged 5.11 percent for the year.

Due to the extraordinary and unpredictable characteristics of potential CLF liquidity needs arising from the century date change, the CLF took the unprecedented step of borrowing from the Federal Financing Bank (FFB) to assure immediate access to adequate funds. To bolster cash on hand, beginning in November and throughout the remainder of 1999, the CLF entered into a series of short-term borrowings that eventually totaled $1 billion. The cost associated with this borrowing strategy was absorbed by the CLF and resulted in a slight annual operating loss of approximately $46,000 in 1999. The remaining cost will be realized in 2000.

The FFB loans were paid off immediately after the century conversion, when it was determined that extraordinary liquidity demands had not materialized and that Y2K no longer represented a potential liquidity threat to credit unions. Ultimately, the widespread awareness of credit unions' and CLF contingency efforts obviated the need for extra funds. 1999 was a triumph for CLF, its members and the entire credit union community.

Clean Audit Opinion

Once again, CLF financial statements received an unqualified audit opinion from independent auditors.

Operating Fund

How NCUA is Financed

NCUA operating costs are financed by the Operating Fund and the National Credit Union Share Insurance Fund (NCUSIF). Monthly, the NCUSIF transfers 50 percent of costs to the Operating Fund to cover agency expenses. A 1997 study of staff time showed that staff spent approximately 50 percent of their time on insurance related functions. The NCUA Board approved this transfer rate for a three year period It is scheduled to be re-evaluated in 2000.

The remaining cost of NCUA operations is primarily financed 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 Assessments

The operating fee assessment is calculated by applying the assessment rate scale to the previous December 31 assets of individual federal credit unions. The 1999 fee remained unchanged. Actually, the 1999 operating fee has a lower rate structure than five years ago. Federal credit unions now pay no operating fee if assets are under $500,000. In 1995, only credit unions under $50,000 paid no operating fee. A nominal operating fee of $100 is charged credit unions with assets between $500,000 and $750,000, up from the $344,738 asset level in 1995. Federal credit unions with assets over $750,000 have seen their assessment rate decline over 8 percent in the last five years.

Earnings and Budget

The Operating Fund revenue was $55.6 million in fiscal year 1999. Of this amount, $53.9 million came from operating fees and the balance from interest and other income. Total 1999 operating expenses were $57.3 million. This is $3.7 million under the budgeted amount of $61.0 million. Most of the variance resulted from the high number of vacancies that existed throughout most of 1999.

The 1999 budget projected a net loss to the Operating Fund of $6.1 million. However, because of lower expenses incurred from vacant staff positions, the net loss for 1999 was $1.8 million. As a result, the Fund ended the year with a $6.3 million balance.

Unqualified Opinion Rendered

For the 15th consecutive year, independent auditors rendered unqualified opinions on NCUA financial statements. The auditors' report and the comparative financial statements for the Operating Fund, the Share Insurance Fund, and the Central Liquidity Facility for 1999 and 1998 follow.

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INDEPENDENT AUDITORS' REPORT

To the Inspector General of the
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, 1999 and 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 all 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 at December 31, 1999 and 1998, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued reports dated February 25, 2000, not presented herein, on our tests of the funds' compliance with certain provisions of laws, regulations, contracts and grants, and our consideration of their internal control over financial reporting. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the result of our audits.

Deloitte & Touche LLP

February 25, 2000

NATIONAL CREDIT UNION SHARE INSURANCE FUND

BALANCE SHEETS
DECEMBER 31, 1999 AND 1998
(Dollars in Thousands)

ASSETS	1999	1998
Investments (Note 5)	$ 2,487,361	$ 2,827,099
Cash and cash equivalents	1,679,975	981,230
Accrued interest receivable	38,814	40,071
Assets acquired in assistance to insured credit unions	9,943	14,253
Capital notes advanced to insured credit unions	325	1,466
Notes receivable - National Credit Union Administration Operating Fund (Note 8)	33,161	34,574
Other notes receivable	1,920	947
TOTAL ASSETS	$ 4,251,499	$ 3,899,640

LIABILITIES AND FUND BALANCE

LIABILITIES:		
Estimated losses from supervised credit unions (Note 3)	$ 69,845	$ 78,626
Estimated losses from asset and merger guarantees (Note 3)	875	42
Amounts due to insured shareholders of liquidated credit unions	8,934	7,612
Due to National Credit Union Administration Operating Fund (Note 8)	1,618	2,129
Accounts payable	49	554
Total liabilities	81,321	88,963
COMMITMENTS AND CONTINGENCIES (Notes 3, 8, 10, 11, and 12)		
FUND BALANCE:		
Insured credit unions' accumulated contributions	3,215,634	2,938,503
Insurance fund balance	954,544	872,174
Total fund balance	4,170,178	3,810,677
TOTAL LIABILITIES AND FUND BALANCE	$ 4,251,499	$ 3,899,640

See notes to financial statements.

NATIONAL CREDIT UNION SHARE INSURANCE FUND

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 1999 AND 1998
(Dollars in Thousands)

	1999	1998
REVENUES:		
Interest	$ 227,281	$ 217,965
Other	1,850	2,033
Total revenues	229,131	219,998
EXPENSES (Note 8):		
Administrative expenses (Note 8):		
Employee wages and benefits	42,673	35,852
Travel	5,402	4,958
Rent, communications, and utilities	1,839	1,723
Contracted services	2,097	2,532
Other	6,381	6,006
Total expenses	58,392	51,071
EXCESS OF REVENUES OVER EXPENSES	$ 170,739	$ 168,927

STATEMENTS OF FUND BALANCE
YEARS ENDED DECEMBER 31, 1999 AND 1998
(Dollars in Thousands)

	Insured Credit Unions' Accumulated Contributions	Insurance Fund Balance
BALANCE AT JANUARY 1, 1998	$ 2,772,896	$ 820,790
Contributions from insured credit unions	165,607	-
Excess of revenues over expenses	-	168,927
Dividends to insured credit unions	-	(117,543)
BALANCE AT DECEMBER 31, 1998	2,938,503	872,174
Contributions from insured credit unions	277,131	-
Excess of revenues over expenses	-	170,739
Dividends to insured credit unions	-	(88,369)
BALANCE AT DECEMBER 31, 1999	$ 3,215,634	$ 954,544

See notes to financial statements.

NATIONAL CREDIT UNION SHARE INSURANCE FUND

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1999 AND 1998
(Dollars in Thousands)

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenues over expenses	$ 170,739	$ 168,927
Adjustments to reconcile excess of revenues over expenses to cash provided by operating activities:		
Receipts (payments) relating to losses from supervised credit unions and assets and merger guarantees - net	(7,948)	(2,364)
(Increase) decrease in assets:		
Accrued interest receivable	1,257	(2,268)
Assets acquired from credit unions, net	4,310	6,883
Capital notes advanced to credit unions - net	1,141	(255)
Other notes receivable	(973)	(493)
(Decrease) increase in liabilities:		
Amounts due to National Credit Union Administration Operating Fund	(511)	2,015
Amounts due to insured shareholders of liquidated credit unions	1,322	(12,536)
Accounts payable	(505)	60
Net cash provided by operating activities	168,832	159,969
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments, net	339,738	298,822
Collections on note receivable - National Credit Union Administration Operating Fund	1,413	1,413
Net cash provided by investing activities	341,151	300,235
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions from insured credit unions	277,131	165,607
Dividends to insured credit unions	(88,369)	(117,543)
Net cash provided by financing activities	188,762	48,064
NET INCREASE IN CASH AND CASH EQUIVALENTS	698,745	508,268
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	981,230	472,962
CASH AND CASH EQUIVALENTS, END OF YEAR	$1,679,975	$ 981,230

See notes to financial statements.

NATIONAL CREDIT UNION SHARE INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1999 AND 1998

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 as discussed in Note 4. 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.

Advances to Insured Credit Unions - The Fund provides cash assistance in the form of interest and non-interest-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 nonperforming 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 regular annual premium of 1/12 of 1% of its member share deposits (insured member share deposits in the case of corporate credit unions) outstanding as of December 31st of the preceding insurance year. The NCUA Board waived the 1999 and 1998 share insurance premiums.

Income Taxes - The Fund is exempt from Federal income taxes under §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, and the Fund has the ability and the intention to hold these notes to maturity.

d. *Other* - Accrued interest receivable, notes receivable from NCUA Operating Fund, payable to NCUA Operating Fund, 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 generally accepted accounting principles 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. 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, 1999, is $337 billion, which includes natural person and corporate credit unions. The total net reserves for identified and anticipated losses from supervised credit unions' failures is $71 million at December 31, 1999. Should there be no recoveries provided during the resolution process, possible additional reserves for $28 million would be required.

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. Such guarantees totaled approximately $1,281,000 and $556,000 at December 31, 1999 and 1998, respectively. The estimated losses from asset and merger guarantees are determined by management on a case-by-case evaluation.

In addition, the Fund guarantees loans made by the NCUA's Central Liquidity Facility (CLF). Total line-of-credit guarantees of credit unions at December 31, 1999 and 1998, are approximately $6,085,000 and $25,311,000, respectively. The total balances outstanding under these line-of-credit guarantees at December 31, 1999 and 1998, are approximately $200,000 and $384,000, respectively.

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

	Year Ended December 31,	
	1999	1998
BEGINNING BALANCE	$ 78,668	$ 81,032
Insurance losses	(14,324)	(5,139)
Recoveries	6,376	2,775
ENDING BALANCE	$ 70,720	$ 78,668

4. FUND CAPITALIZATION

Title VIII of Public Law 98-369, effective July 14, 1984, provided for the capitalization of the Fund through the contribution by each insured credit union of an amount equal to 1% of the credit union's insured shares to be paid initially by January 21, 1985, and to be adjusted annually thereafter. The annual adjustment of the contribution is based on member share deposits outstanding as of December 31st of the preceding year and is billed on a calendar year basis. 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 law requires that, upon receipt of the 1% contribution, the total fund balance must be maintained at a normal operating level as determined by the NCUA Board. The NCUA Board has determined this level to range from 1.25% to 1.30% of insured shares. The level at both December 31, 1999 and 1998, was 1.30%. Total insured shares at December 31, 1999 and 1998, were $337 billion and $322 billion, respectively.

The NCUA Board declared and paid dividends of approximately $88,370,000 and $117,543,000 during 1999 and 1998, respectively.

5. 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, 1999				
	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	5.98 %	$ 998,667	$ 489	$ -	$ 999,156
Maturities after one year through five years	6.42 %	1,488,694	-	(16,882)	1,471,812
Total		$ 2,487,361	$ 489	$ (16,882)	$ 2,470,968

	December 31, 1998				
	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	5.98 %	$ 1,528,491	$ 10,899	$ (15)	$ 1,539,375
Maturities after one year through five years	6.11 %	1,298,608	29,361	-	1,327,969
Total		$ 2,827,099	$ 40,260	$ (15)	$ 2,867,344

Total investment purchases during both 1999 and 1998 were approximately $1.1 billion. Investment maturities during 1999 and 1998 were approximately $1.5 billion and $1.4 million, respectively. The Fund has the capability and management has the intention to hold all investments held at December 31, 1999 and 1998, to maturity. There were no investment sales during 1999 and 1998.

6. OTHER ASSETS

Other assets are primarily comprised of secured and unsecured term notes related to the sale of assets held by the Asset Management and Assistance Center and recoveries on failed credit unions. The notes are being repaid in monthly principal installments with terms ranging from one to thirty years and interest rates ranging from 8.0% to 10.5%.

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 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 1999 and 1998.

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 factor was 50% to the Fund and 50% to the NCUA Operating Fund for 1999 and 1998. The cost of services provided by the NCUA Operating Fund was approximately $57,319,000 and $50,293,000 for 1999 and 1998, respectively, and includes pension contributions of approximately $4,152,000 and $3,432,000 to the Civil Service Retirement System and Federal Employees Retirement System defined benefit retirement plans for 1999 and 1998, 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 $74,000 for 1999 and $81,000 for 1998. The note receivable balance at December 31, 1999 and 1998, was approximately $1,314,000 and $1,386,000, 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 $1,788,000 and $1,926,000 for 1999 and 1998, respectively. The note receivable balance at December 31, 1999, was approximately $33,161,000.

The above notes mature as follows (in thousands):

	Unsecured Term Note	Secured Term Note	Total
2000	$ 72	$ 1,341	$ 1,413
2001	72	1,341	1,413
2002	72	1,341	1,413
2003	72	1,341	1,413
2004	72	1,341	1,413
Thereafter	954	25,142	26,096
Total	$ 1,314	$ 31,847	$33,161

The variable rate on both term notes is equal to the Fund's prior-month yield on investments. The average interest rate during 1999 and 1998 was approximately 5.52% and 5.70%, respectively. At December 31, 1999, the rate was 5.57%.

The NCUA Operating Fund leases certain office space and equipment under operating lease agreements that expire through 2004. Based on the allocation factor approved by the NCUA Board for 1998, the Fund will reimburse the NCUA Operating Fund for approximately 50% of the future lease payments. The cost of services provided by the NCUA Operating Fund includes rental charges of approximately $444,000 and $488,000 for 1999 and 1998, respectively. The amounts were derived using the current annual allocation factor.

The NCUA Operating Fund's total future minimum lease payments as of December 31, 1999, are as follows (in thousands):

2000	$ 813
2001	832
2002	850
2003	524
2004	453
Total	$ 3,472

9. 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, 1999		December 31, 1998	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Investments	$ 2,487,361	$ 3,470,968	$ 2,827,099	$ 2,867,344
Cash and cash equivalents	1,679,975	1,679,975	981,230	981,230
Accrued interest receivable	38,814	38,814	40,071	40,071
Notes receivable – NCUA Operating Fund	33,161	33,161	34,574	34,574
Amounts due to insured shareholders of liquidated credit unions	8,934	8,934	7,612	7,612
Due to NCUA Operating Fund	1,618	1,618	2,129	2,129
Accounts payable	49	49	554	554

10. 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.

11. CONTINGENCIES

Field of Membership Litigation - Four North Carolina Banks and the American Bankers Association (ABA) have challenged NCUA's approval of charter amendments granted to AT&T Family Federal Credit Union (FCU). The banks challenged amendments that allowed select employee groups that were unrelated to the original sponsor to join the FCU. Their claim is that the amendments violate the common bond requirements of the FCU Act.

In First National Bank & Trust Co., *et al*. *v*. National Credit Union Administration, the District Court concluded that NCUA's select employee group policy, which permitted more than one distinct employee group to exist in a single credit union, each with its own common bond, was a reasonable interpretation of the FCU Act. The banks appealed. On July 30, 1996, the U.S. Court of Appeals for the D.C. Circuit issued an opinion reversing the District Court. The Court concluded that all groups in a credit union must share a single common bond.

On remand to the District Court, the plaintiffs sought a nationwide injunction barring all federal credit unions from adding select employee groups that did not share a single common bond or adding new members to select employee groups already within their field of membership. NCUA objected, arguing that this relief went far beyond what was sought in the AT&T case. The District Court then permitted the filing of a new lawsuit, ABA *et al*. *v*. NCUA *et al*., which for the first time directly challenged NCUA's multiple group policy nationwide. The Court then issued a nationwide injunction barring NCUA's group policy nationwide and prohibiting all federal credit unions from adding new select employee groups or new members to existing select employee groups.

On December 24, 1996, the Court of Appeals issued a partial stay whereby credit unions were allowed to admit new members to existing select employee groups but were still prevented from adding new groups. On February 24, 1998, the Supreme Court agreed to hear the case. On February 25, 1998, the Supreme Court issued a decision holding that banks do have standing to challenge NCUA's interpretation of Section 109 of the FCU Act, and that NCUA's interpretation of that section was contrary to the unambiguous intent of Congress. However, in August 1998, Congress passed the Credit Union Membership Access Act (CUMAA), amending the FCU Act in favor of NCUA. The CUMAA allowed federal credit unions to retain their then-existing members and groups and to charter multiple common bond credit unions. CUMAA also authorized the chartering by NCUA of multiple common bond credit unions.

On December 17, 1998, NCUA's Board issued a final rule implementing the CUMAA. On January 8, 1999, the ABA filed a new lawsuit, ABA v. NCUA, which challenged this rule on the premise that the rule violates the FCU Act, as modified by the CUMAA. The complaint seeks a declaratory judgment to that effect, and a preliminary injunction setting aside any field of membership applications based upon the NCUA's final rule implementing the CUMAA. On March 10, 1999, the ABA's request for a preliminary injunction was denied. On April 1, 1999, the ABA filed its First Amended Complaint. NCUA has filed a partial motion to dismiss that is still pending.

In the opinion of management, the ultimate resolution of these matters will not be material to NCUA's financial position.

Office of Personnel Management Action - In September 1997, the U.S. Office of Personnel Management (OPM) transmitted to NCUA a report entitled "Report of a Delegated Examining Oversight Review, National Credit Union Administration," dated June 16-20, 1997 (the OPM Report). The OPM Report concluded that NCUA had violated merit systems principles and committed prohibited personnel practices. As a result of the OPM Report, NCUA lost its hiring authority and was required to undertake certain remedial actions with respect to its personnel practices. During 1998, NCUA took all corrective actions required by OPM and, on July 31, 1998, OPM returned NCUA's appointing authority.

During 1997, the OPM referred the aforementioned matter to the Office of Special Counsel (OSC) for an investigation of prohibited personnel practices. The OSC completed its investigation in 1999 and forwarded its findings to NCUA's Board. No final action has been taken by the NCUA Board.

The resolution of these matters may result in claims against NCUA, as well as additional costs related to the remedial personnel actions required. In the opinion of management, the ultimate resolution of these matters will not be material to NCUA's financial position.

In one personnel action, NCUA reached a settlement subsequent to December 31, 1999, whereby it will reimburse certain legal fees and pay certain retirement benefits to a former employee. The estimated amount of the settlement, $361,000, has been recorded as of December 31, 1999.

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

12. COMMITMENTS

NCUA has signed agreements for the lease of certain computer equipment beginning in 2000. The aggregate three-year commitment amounts to approximately $7.4 million.

* * * * * *

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

BALANCE SHEETS
DECEMBER 31, 1999 AND 1998
(Dollars in Thousands)

ASSETS	1999	1998
Cash and cash equivalents	$ 12,695	$ 12,736
Due from National Credit Union Share Insurance Fund (Note 4)	1,618	2,129
Employee advances	816	865
Other accounts receivable	258	113
Prepaid expenses	105	164
Fixed assets - net of accumulated depreciation and amortization (Note 3)	38,704	41,233
Employee residences held for resale	452	-
TOTAL ASSETS	$ 54,648	$ 57,240
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	$ 4,109	$ 4,064
Accrued wages and benefits	4,390	4,864
Accrued annual leave	5,860	4,952
Accrued employee travel	828	735
Notes payable to National Credit Union Share Insurance Fund (Note 4)	33,161	34,574
Total liabilities	48,348	49,189
COMMITMENTS AND CONTINGENCIES (Notes 5, 8, and 9)		
FUND BALANCE	6,300	8,051
TOTAL LIABILITIES AND FUND BALANCE	$ 54,648	$ 57,240

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 1999 AND 1998
(Dollars in Thousands)

	1999	1998
REVENUES:		
Operating fees	$ 53,884	$ 50,591
Interest	1,426	1,396
Other	258	262
Total revenues	55,568	52,249
EXPENSES (Note 4):		
Employee wages and benefits	42,674	35,853
Travel	5,402	4,958
Rent, communications, and utilities	1,839	1,723
Contracted services	2,096	2,532
Other	5,308	5,227
Total expenses	57,319	50,293
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	(1,751)	1,956
FUND BALANCE, BEGINNING OF YEAR	8,051	6,095
FUND BALANCE, END OF YEAR	$ 6,300	$ 8,051

See notes to financial statements.

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1999 AND 1998
(Dollars in Thousands)

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Deficiency) excess of revenues over expenses	$ (1,751)	$ 1,956
Adjustments to reconcile (deficiency) excess of revenues over expenses to cash provided by operating activities:		
Depreciation and amortization	3,197	3,205
Loss on disposal of employee residences held for resale	77	162
Miscellaneous allowances	10	-
(Increase) decrease in assets:		
Due from National Credit Union Share Insurance Fund	511	(2,015)
Employee advances	49	(159)
Other accounts receivable	(145)	(19)
Prepaid expenses	59	(51)
(Decrease) increase in liabilities:		
Accounts payable	45	1,441
Accrued wages and benefits	(474)	2,775
Accrued annual leave	908	60
Accrued employee travel	93	47
Net cash provided by operating activities	2,579	7,402
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets and employee residences held for resale	(1,884)	(2,016)
Proceeds from sale of employee residences held for resale	677	1,214
Net cash used in investing activities	(1,207)	(802)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of notes payable	(1,413)	(1,413)
Net cash used in financing activities	(1,413)	(1,413)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(41)	5,187
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,736	7,549
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 12,695	$ 12,736

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 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 1999 and 1998 were cash equivalents and are stated at cost, which approximates market.

Depreciation and Amortization - Building, furniture and equipment, 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 and 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 and 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 §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 market values.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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.

3. FIXED ASSETS

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

	1999	1998
Office building and land	$ 42,246	$ 42,229
Furniture and equipment	22,431	21,780
Total	64,677	64,009
Less: Accumulated depreciation and amortization	25,973	22,776
Fixed assets, net	$ 38,704	$ 41,233

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 an estimate of actual usage. The allocation factor was 50% to NCUSIF and to the Fund for 1998 and 1999. The cost of the services allocated to NCUSIF , which totaled approximately $57,319,000 and $50,293,000 for 1999 and 1998, respectively, are 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 $74,000 for 1999 and $81,000 for 1998. The outstanding principal balance at December 31, 1999 and 1998, was $1,314,000 and $1,386,000, 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 $1,788,000 and $1,926,000 for 1999 and 1998, respectively. The note payable balance at December 31, 1999, was approximately $31,847,000.

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

	Unsecured Term Note	Secured Term Note	Total
2000	$ 72	$ 1,341	$ 1,413
2001	72	1,341	1,413
2002	72	1,341	1,413
2003	72	1,341	1,413
2004	72	1,341	1,413
Thereafter	954	25,142	26,096
	$ 1,314	$ 31,847	$ 33,161

The variable rate on both notes is equal to NCUSIF' s prior-month yield on investments. The a verage interest rates during 1999 and 1998 were 5.52% and 5.70%, respectively. The interest rate at December 31, 1999, was 5.57%.

5. COMMITMENTS

The Fund leases office space under lease agreements that expire through 2004. Office rental charges amounted to approximately $888,000 and $976,000 of which approximately $444,000 and $488,000 was reimbursed by NCUSIF for 1999 and 1998, respectively. In addition, the Fund leases office equipment under operating leases with lease terms of less than one year.

The future minimum lease payments as of December 31, 1999, are as follows (in thousands):

	Operating Leases
2000	$ 813
2001	832
2002	850
2003	524
2004	453
Total	$ 3,472

Based on the allocation factor approved by the NCUA Board for 1999, NCUSIF wil l reimburse the Fund for approximately 50% of the future 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). Bot h 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 1999 and 1998, the Fund' s contributions to the plans were approxima tely $8,304,000 and $6,863,000, respectively, of which approximately $4,152,000 and $3,432,000 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, 1999		December 31, 1998	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 12,695	$ 12,695	$ 12,736	$ 12,736
Due from NCUSIF	1,618	1,618	2,129	2,129
Employee advances	816	816	865	865
Other accounts receivable	258	258	113	113
Accounts payable	4,109	4,109	4,064	4,064
Notes payable to NCUSIF	33,161	33,161	34,574	34,574

8. CONTINGENCIES

Field of Membership Litigation - Four North Carolina Banks and the American Bankers Association (ABA) have challenged NCUA's approval of charter amendments granted to AT&T Family Federal Credit Union (FCU). The banks challenged amendments that allowed select employee groups that were unrelated to the original sponsor to join the FCU. Their claim is that the amendments violate the common bond requirements of the FCU Act.

In First National Bank & Trust Co., *et al*. v. National Credit Union Administration , the District Court concluded that NCUA's select employee group policy, which permitted more than one distinct employee group to exist in a single credit union, each with its own common bond, was a reasonable interpretation of the FCU Act. The banks appealed. On July 30, 1996, the U.S. Court of Appeals for the D.C. Circuit issued an opinion reversing the District Court. The Court concluded that all groups in a credit union must share a single common bond.

On remand to the District Court, the plaintiffs sought a nationwide injunction barring all federal credit unions from adding select employee groups that did not share a single common bond or adding new members to select employee groups already within their field of membership. NCUA objected arguing that this relief went far beyond what was sought in the AT&T case. The District Court then permitted the filing of a new lawsuit, ABA *et al*. v. NCUA *et al*., which for the first time directly challenged NCUA's multiple group policy nationwide. The Court then issued a nationwide injunction barring NCUA's group policy nationwide and prohibiting all federal credit unions from adding new select employee groups or new members to existing select employee groups.

On December 24, 1996, the Court of Appeals issued a partial stay whereby credit unions were allowed to admit new members to existing select employee groups, but were still prevented from adding new groups. On February 24, 1997, the Supreme Court agreed to hear the case. On February 25, 1998, the Supreme Court issued a decision holding that banks do have standing to challenge NCUA's interpretation of Section 109 of the FCU Act, and that NCUA's interpretation of the section was contrary to the unambiguous intent of Congress. However, in August 1998, Congress passed the Credit Union Membership Access Act (CUMAA), amending the FCU Act in favor of NCUA. The CUMAA allowed federal credit unions to retain their then -existing members and groups and to charter multiple common bond credit unions. CUMAA also authorized the chartering by NCUA of multiple common bond credit unions.

On December 17, 1998, NCUA's Board issued a final rule implementing the CUMAA. On January 8, 1999, the ABA filed a new lawsuit, ABA v. NCUA , which challenged this rule on the premise that the rule violates the FCU Act, as modified by the CUMAA. The compliant seeks a declaratory judgment to that effect, and a preliminary injunction setting aside any field of membership applications based upon the NCUA's final rule implementing the CUMAA. On March 10, 1999, the ABA's request for a preliminary injunction was denied. On April 1, 1999, the ABA filed its First Amended Compliant. NCUA has filed a partial motion to dismiss that is still pending.

In the opinion of management, the ultimate resolution of these matters will not be material to NCUA's financial position.

Office of Personnel Management Action - In September 1997, the U.S. Office of Personnel Management (OPM) transmitted to NCUA a report entitled "Report of a Delegated Examining Oversight Review, National Credit Union Administration," dated June 16 -20, 1997 (the OPM Report). The OPM Report concluded that NCUA had violated merit systems principles and committed prohibited personnel practices. As a result of the OPM Report, NCUA lost its hiring authority and was required to undertake certain remedial actions with respect to its personnel practices. During 1998, NCUA took all corrective actions required by OPM and, on July 31, 1998, OPM returned NCUA's appointing authority.

During 1997, the OPM referred the aforementioned matter to the Office of Special Counsel (OSC) for an investigation of prohibited personnel practices. The OSC completed its investigation in 1999 and forwarded its findings to NCUA's Board. No final action has been taken by the NCUA Board.

The resolution of these matters may result in claims against NCUA, as well as additional costs related to the remedial personnel actions required. In the opinion of management, the ultimate resolution of these matters will not be material to NCUA's financial position.

In one personnel action, NCUA reached a settlement subsequent to December 31, 1999, whereby it will reimburse certain legal fees and pay certain retirement benefits to a former employee. The estimated amount of the settlement, $361,000, has been recorded as of December 31, 1999.

Other Matters - In addition, NCUA is currently party to a number of other disputes which 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. COMMITMENTS

NCUA has signed agreements for the lease of certain computer equipment beginning in 2000. The aggregate three-year commitment is approximately $7.4 million.

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NATIONAL CREDIT UNION ADMINISTRATION
CENTRAL LIQUIDITY FACILITY

BALANCE SHEETS
DECEMBER 31, 1999 AND 1998
(Dollars in Thousands)

ASSETS	1999	1998
Cash (Note 11)	$ 977,248	$ 12
Investments with U.S. Central Credit Union (Notes 5, 8, 9, and 11)	909,884	797,405
Loans to members (Notes 4 and 11)	58,600	-
Accrued interest receivable (Note 11)	16,436	8,233
TOTAL ASSETS	$ 1,962,168	$ 805,650
LIABILITIES AND MEMBERS' EQUITY		
LIABILIT IES:		
Federal Financing Bank notes payable (Notes 6 and 11)	$ 1,041,000	$ -
Member deposits (Notes 7 and 11)	28,020	25,782
Accounts payable and other liabilities (Note 11)	731	59
Total liabilities	1,069,751	25,841
MEMBERS' EQUITY:		
Capital stock - required (Note 7)	880,953	768,298
Retained earnings	11,464	11,511
Total members' equity	892,417	779,809
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 1,962,168	$ 805,650

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 1999 AND 1998
(Dollars in Thousands)

	1999	1998
REVENUE - Investment income	$ 50,021	$ 40,028
EXPENSES (Note 10):		
Operating expenses:		
Group agent service fee	1	1
Personnel services	124	85
Other services	31	26
Rent, communications and utilities	14	14
Personnel benefits	28	19
Supplies and materials	4	2
Employee travel	6	2
Printing and reproduction	6	4
Total operating expenses	214	153
Interest - Federal Financing Bank notes	5,862	-
Interest - member deposits	699	449
Total expenses	6,775	602
EXCESS OF REVENUE OVER EXPENSES	$ 43,246	$ 39,426

See notes to financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
CENTRAL LIQUIDITY FACILITY

STATEMENTS OF MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 1999 AND 1998
(Dollars in Thousands)

	Capital Stock	Retained Earnings
BALANCE AT JANUARY 1, 1998	$ 735,671	$ 11,511
Issuance of required capital stock	32,627	-
Dividends	-	(39,426)
Excess of revenue over expenses	-	39,426
BALANCE AT DECEMBER 31, 1998	768,298	11,511
Issuance of required capital stock	113,124	-
Redemption of required capital stoc k	(469)	-
Dividends	-	(43,293)
Excess of revenue over expenses		43,246
BALANCE AT DECEMBER 31, 1999	$ 880,953	$ 11,464

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1999 AND 1998
(Dollars in Thousands)

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenses	$ 43,246	$ 39,426
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities:		
(Increase) decrease in accrued interest receivable	(8,203)	1,485
Increase (decrease) in accounts payable and other liabilities	672	(10)
Net cash provided by operating activities	35,715	40,901
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(112,479)	(34,073)
Loan disbursement	(58,600)	-
Net cash used in investing activities	(171,079)	(34,073)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Additions to member deposits	4,620	1,506
Issuance of required capital stock	113,124	32,627
Dividends	(43,293)	(39,426)
Withdrawal of member deposits	(2,382)	(1,537)
Redemption of required capital stock	(469)	-
Proceeds from issuing notes	1,041,000	-
Net cash provided by (used in) financing activities	1,112,600	(6,830)
NET INCREASE (DECREASE) IN CASH	977,236	(2)
CASH, BEGINNING OF YEAR	12	14
CASH, END OF YEAR	$ 977,248	$ 12
SUPPLEMENTAL INFORMATION:		
Interest paid	$ 5,209	$ -

See notes to financial statements.

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.

Allowance for Loan Losses - Loans to members are made on both a short-term and long-term basis. For all loans, the CLF either obtains a security interest in the assets of the borrower or in some cases receives the guarantee of the NCUA Share Insurance Fund.

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.

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, the carrying amounts approximate fair value.

f. *Other* - Accrued interest receivable and 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 generally accepted accounting principles 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 Congressionally limited to twelve times equity and capital subscriptions on-call. However, there is a Congressional limitation of $600 million on funds that are borrowed and then loaned out at any one point in time. At December 31, 1998, the CLF was in compliance with these Congressional limitations.

On May 21, 1999, the President signed a midyear spending bill (HR 1141) that authorized the CLF to fully utilize its borrowing authority under the Federal Credit Union Act. That act effectively raised the CLF borrowing cap from $600 million to $20.7 billion (see Note 12). At December 31, 1999, the CLF is in compliance with its borrowing authority.

4. LOANS TO MEMBERS

The balance of outstanding loans as of December 31, 1999, was $58,600,000. Interest rates of these loans range from 5.239% to 5.4878%, and their maturities extend through March 2000. The CLF can provide members with extended loan commitments. There were no outstanding loan commitments at either December 31, 1999 and 1998, and there were no loans outstanding at December 31, 1998. See Note 12.

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

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

	December 31, 1999	December 31, 1998
U.S. Central Credit Union (see Note 8):		
Redeposit Account	$ 836,014	$ 732,320
Share accounts	73,870	65,085
	$ 909,884	$ 797,405

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, President Reagan 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 midyear spending bill HR 1141 that authorized the CLF to fully utilize its borrowing authority under the Federal Credit Union Act, or approximately $20.7 billion. 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 amount 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 29 of its corporate credit union members. At December 31, 1999 and 1998, $836,014,000 and $732,320,000, respectively, of the required portion of subscribed capital stock was purchased from the CLF by USC on behalf of its member credit unions.

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, 1999 and 1998, approximately $909,884,000 and $797,405,000, respectively, were invested in USC share accounts at 5.67% and 4.51%, respective yields.

9. CONCENTRATION OF CREDIT RISK

At December 31, 1999 and 1998, the CLF has a concentration of credit risk for its investments on deposit with USC of approximately $909,884,000 and $797,405,000 (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, 1999 and 1998, amounted to approximately $213,000 and $151,000, 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, 1999		December 31, 1998	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	$ 977,248	$ 977,248	$ 12	$ 12
Investments	909,884	909,884	797,405	797,405
Loans to members	58,600	-	-	-
Accrued interest receivable	16,436	16,436	8,233	8,233
FFB notes payable	1,041,000	1,041,000	-	-
Member deposits	28,020	28,020	25,782	25,782
Accounts payable and other liabilities	731	731	59	59

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 (FFB) on behalf of the CLF. The agreement provides for a commitment amount of $20.7 billion and expires on September 30, 2000. Under this agreement, the CLF could request advances from FFB on an anticipatory basis in order to meet possible extraordinary and unpredictable liquidity-need loan demands from member natural person credit unions resulting from the century date change conversion.

As of December 31, 1999, the CLF had outstanding advances aggregating $1.041 billion, of which $41 million had in turn been loaned to member credit unions, maturing in March 2000. The remaining $1 billion was repaid to FFB during January 2000. Interest rates on the outstanding advances ranged from 5.23% to 5.597% as of December 31, 1999.

* * * * * *

Insurance Fund Ten-Year Trends

FISCAL YEAR	1990	1991	1992	1993	1994	1995[1]	1996	1997	1998	1999
INCOME (IN THOUSANDS)										
Regular premium-federal	—	$26,174	$78,889	—	—	—	—	—	—	—
Regular premium-state	—	15,061	44,985	—	—	—	—	—	—	—
Interest income	$159,096	162,979	148,659	$142,027	$147,564	$172,926	$184,715	$201,938	$217,965	$227,281
Other income	1,168	3,195	5,512	4,223	2,258	2,147	2,148	2,151	2,033	1,850
Total income	**$160,264**	**$207,409**	**$278,045**	**$146,250**	**$149,822**	**$175,073**	**$186,863**	**$204,089**	**$219,998**	**$229,131**
EXPENSES (IN THOUSANDS)										
Operating	$35,153	$40,353	$46,161	$43,574	$44,132	$48,384	$47,220	$49,767	$51,071	$58,392
Insurance losses	89,982	163,000	112,000	60,000	26,000	—	—	—	—	—
Losses on investment sales	—	—	—	—	—	—	—	—	—	—
Total expenses	**$125,135**	**$203,353**	**$158,161**	**$103,574**	**$ 70,132**	**$48,384**	**$47,220**	**$49,767**	**$51,071**	**$58,188**
Net Income (in thousands)	$35,129	$4,056	$119,884	$42,676	$ 79,690	$126,690	$139,643	$154,322	$168,927	$170,739
DATA HIGHLIGHTS										
Total equity (in thousands)	$2,052,635	$2,257,124	$2,555,449	$2,814,253	$3,054,308	$3,250,002	$3,412,164	$3,593,686	$3,810,677	$4,170,178
Equity as a percentage of shares in insured credit unions	1.25%	1.23%	1.26%	1.26%	1.27%	1.30%	1.30%	1.30%	1.30%	1.30%
Contingent liabilities (in thousands)	$7,803	$6,734	$73,594	$1,334	$22	$375	$1,026	$933	$556	$1,281
Contingent liabilities as a percentage of equity	0.4%	0.3%	2.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NCUSIF loss per $1,000 of insured shares	$0.51	$0.83	$0.51	$0.25	$0.10	$0.00	$0.00	$0.00	$0.00	$0.00
OPERATING RATIOS										
Premium income	—	19.9%	44.5%	—	—	—	—	—	—	—
Interest income	99.3%	78.6%	53.5%	97.1%	98.5%	98.8%	98.8%	99.0%	99.1%	99.2%
Other income	0.7%	1.5%	2.0%	2.9%	1.5%	1.2%	1.1%	1.0%	.9%	.8%
Operating expenses	21.9%	19.5%	16.6%	29.8%	29.5%	27.6%	25.3%	24.4%	23.2%	25.5%
Insurance losses	56.1%	78.6%	40.3%	41.0%	17.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Total expenses	78.1%	98.1%	56.9%	70.8%	46.8%	27.6%	25.3%	24.4%	23.2%	25.5%
Net income	21.9%	1.9%	43.1%	29.2%	53.2%	72.4%	74.7%	75.6%	76.8%	74.5%
INVOLUNTARY LIQUIDATIONS COMMENCED										
Number	83	89	81	54	29*	15	13	8	13	15
Share payouts (in thousands)	$70,875	$117,710	$124,857	$57,303	$27,279*	$11,737	$1,028	$17,888	$6,298	$5,403
Share payouts as a percentage of total insured shares	0.040%	0.067%	0.057%	0.024%	0.011%	0.004%	0.000%	0.006%	0.002%	0.002%

*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	1990	1991	1992	1993	1994	1995[2]	1996	1997	1998	1999
MERGERS—FISCAL YEAR										
Assisted	81	41	33	17	8*	7	6	8	5	8
Unassisted	386	357	352	328	423*	297	305	164	217	315

*INCLUDES 2 ASSISTED MERGERS AND 81 UNASSISTED MERGERS OCCURRING DURING TRANSISTION QUARTER

FISCAL YEAR	1990	1991	1992	1993	1994	1995[2]	1996	1997	1998	1999
ASSISTANCE TO AVOID LIQUIDATION										
Capital notes and other cash advances outstanding	$67,891	$35,101	$101,228	$6,634	$2,673	$0	$265	$1,211	$1,466	325
Non-cash guaranty accounts	$98,576	$179,595	$88,286	$16,587	$2,849	$1,134	$1,197	$1,343	$1,557	$4,516
Number of active cases	42	51	27	15	7	9	12	7	12	16
NUMBER OF PROBLEM CASE INSURED CREDIT UNIONS (CODE 4 & 5)										
Number	678	685	608	474	319	267	286	326	308	338
Shares (millions)	$9,400	$10,400	$7,400	$4,300	$2,430	$2,051	$1,759	$2,928	$3,181	$2,693
Problem case shares as a percentage of insured shares	4.9%	5.2%	3.4%	1.8%	.96%	.80%	.65%	.95%	.99%	.80%

DECEMBER 31	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
SHARES IN INSURED CREDIT UNIONS (IN MILLIONS)[1]										
Federal credit unions	$117,881	$127,316	$142,139	$149,229	$155,483	$164,582	$173,544	$178,953	$191,328	$194.766
State credit unions	62,082	72,467	87,386	91,101	92,173	96,856	101,914	114,322	130,129	140.857
Total shares	**$179,963**	**$199,783**	**$229,525**	**$240,330**	**$247,653**	**$261,438**	**$275,458**	**$293,275**	**$321,457**	**$335.623**
NUMBER OF MEMBER ACCOUNTS IN INSURED CREDIT UNIONS (IN THOUSANDS)										
Federal credit unions	55,222	57,077	58,366	60,746	78,835	78,245	77,243	73,566	72,848	73,466
State credit unions	30,726	33,646	34,749	36,459	44,203	55,740	41,841	45,690	49,130	52,787
Total	**85,948**	**90,723**	**93,115**	**97,205**	**123,038**	**133,985**	**119,084**	**119,256**	**121,978**	**126,253**
NUMBER OF INSURED CREDIT UNIONS										
Federal credit unions	8,511	8,229	7,916	7,696	7,498	7,329	7,152	6,981	6,815	6,566
State credit unions	4,349	4,731	4,737	4,621	4,493	4,358	4,240	4,257	4,180	4,062
Total	**12,860**	**12,960**	**12,653**	**12,317**	**11,991**	**11,687**	**11,392**	**11,238**	**10,995**	**10,628**
Shares in insured credit unions as a percentage of all credit union shares	96.0%	96.2%	96.4%	98.0%	98.0%	99.0%	99.0%	99.0%	99.0%	94.0%
State credit union portion of insured shares	34.6%	36.3%	38.1%	37.9%	37.2%	37.1%	37.0%	40.0%	40.5%	42.0%

[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 Unions Ten-Year Summary

FEDERAL CREDIT UNIONS
DECEMBER 31 (DOLLAR AMOUNTS IN MILLIONS)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Number of credit unions	8,511	8,229	7,916	7,696	7,498	7,329	7,152	6,981	6,815	6,566
Number of members	36,241,607	37,080,854	38,205,128	39,755,596	40,837,392	42,162,627	43,545,541	43,500,553	43,864,851	44,076,428
Assets	$130,073	$143,940	$162,544	$172,854	$182,529	$193,781	$206,692	$215,097	$231,904	$239,316
Loans outstanding	83,029	84,150	87,633	94,640	110,090	120,514	134,120	140,100	144,849	155,172
Shares	117,892	130,164	146,078	153,506	160,226	170,300	180,964	187,817	202,651	207,614
Reserves[1]	5,158	5,539	6,176	6,976	7,616	8,351	9,092	9,371	9,837	10,314
Undivided earnings	4,594	5,338	6,793	8,338	9,584	11,445	13,087	14,365	15,468	16,546
Gross income	13,233	13,559	13,301	12,946	13,496	15,276	16,645	17,404	18,137	18,530
Operating expenses	4,730	5,068	5,329	5,578	5,964	6,468	7,246	7,793	8,241	8,551
Dividends	7,372	7,184	5,876	5,038	5,208	6,506	7,087	7,425	7,760	7,698
Reserve transfers	222	170	191	186	245	262	240	201	211	323
Net income	841	1,087	1,897	2,096	1,903	1,886	1,992	1,915	1,869	1,862
PERCENT CHANGE										
Total assets	7.8%	10.7%	12.9%	6.3%	5.6%	6.2%	6.7%	4.1%	7.8%	3.2%
Loans outstanding	3.4	1.3	4.1	8.0	16.3	9.5	11.3	4.5	3.4	7.1
Savings	7.5	10.4	12.2	5.1	4.4	6.3	6.3	3.8	7.9	2.4
Reserves	10.0	7.4	11.5	13.0	9.2	9.7	9.3	3.1	5.0	4.8
Undivided earnings	12.8	16.2	27.3	22.7	14.9	19.4	14.2	9.8	7.7	7.0
Gross income	6.5	2.5	- 1.9	-2.7	4.2	13.2	9.0	4.6	4.2	2.2
Operating expenses	8.4	7.1	5.1	4.7	6.9	8.5	11.9	7.5	5.7	3.8
Dividends	6.7	- 2.6	-18.2	-14.3	3.4	24.9	8.7	4.8	4.5	-0.8
Net reserve transfers	-16.1	- 23.8	12.7	-2.6	31.7	6.9	-8.1	-16.3	5.8	53.1
Net income	7.6	29.3	74.5	10.5	-9.2	-0.1	6.9	-3.9	-2.4	-0.4
SIGNIFICANT RATIOS										
Reserves to assets	4.0%	3.8%	3.8%	4.0%	4.2%	4.3%	4.4%	4.4%	4.2%	4.3%
Reserves and undivided earnings to assets	7.3	7.5	7.6	8.0	8.9	10.2	10.7	11.0	10.9	11.2
Reserves to loans	6.2	6.6	7.0	7.4	6.9	6.9	6.8	6.7	6.8	6.6
Loans to shares	70.4	64.6	60.0	61.7	68.7	70.8	74.1	74.6	71.5	74.7
Operating expenses to gross income	35.7	37.4	40.1	43.1	44.2	42.3	39.4	39.4	45.4	46.1
Salaries and benefits to gross income	15.0	15.7	17.4	19.4	20.2	19.2	19.2	19.3	19.7	20.5
Dividends to gross income	55.7	53.0	44.2	38.9	38.6	42.6	42.6	42.7	42.8	41.5
Yield on average assets	10.6	9.9	8.7	7.7	7.6	8.1	8.3	8.3	8.1	7.9
Cost of funds to average assets	5.9	5.3	3.9	3.1	3.0	3.5	3.6	3.6	3.5	3.3
Gross spread	4.6	4.6	4.8	4.6	4.6	4.6	4.7	4.7	4.6	4.6
Net income divided by gross income	6.4	8.0	14.3	16.2	14.1	12.3	12.0	12.2	10.3	10.0
Yield on average loans	11.4	11.2	10.4	9.4	8.7	8.9	8.5	8.7	8.6	8.3
Yield on average investments	8.3	7.0	5.5	4.6	5.1	5.6	6.0	5.9	5.7	5.3

[1]DOES NOT INCLUDE THE ALLOWANCE FOR LOAN LOSSES

Federally Insured State-Chartered Credit Unions Ten-Year Summary

FEDERALLY INSURED STATE-CHARTERED CREDIT UNIONS
DECEMBER 31 (DOLLAR AMOUNTS IN MILLIONS)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Number of credit unions	4,349	4,731	4,737	4,621	4,493	4,358	4,240	4,257	4,180	4,062
Number of members	19,453,940	21,619,223	23,859,447	23,996,751	24,294,761	24,926,666	25,665,783	27,921,882	29,673,998	31,307,907
Assets	$ 68,133	$ 83,133	$ 98,767	$104,316	$106,937	$112,861	$120,176	$136,107	$156,787	172,086
Loans outstanding	44,102	49,268	53,727	57,695	65,769	71,606	79,651	92,117	100,890	116,366
Shares	62,082	75,626	89,648	93,482	94,797	99,838	105,728	119,359	137,347	149,305
Reserves[1]	3,047	3,620	4,238	4,754	4,908	5,246	5,689	6,421	7,125	7,946
Undivided earnings	2,241	2,952	3,910	4,862	5,563	6,645	7,490	8,779	9,876	11,060
Gross income	6,967	7,878	8,182	7,878	7,955	8,932	9,736	11,124	12,309	13,413
Operating expenses	2,412	2,860	3,203	3,302	3,473	3,770	4,198	4,939	5,548	6,165
Dividends	3,908	4,203	3,664	3,109	3,145	3,889	3,367	3,790	4,229	4,315
Reserve transfers	118	98	121	114	144	147	143	138	161	190
Net income	509	711	1,207	1,347	1,146	1,095	1,154	1,237	1,262	1,376
PERCENT CHANGE										
Total assets	7.8%	22.0%	18.8%	5.6%	2.5%	5.5%	6.5%	13.2%	15.2%	9.7%
Loans outstanding	4.1	11.7	9.1	7.4	14.0	8.9	11.2	15.6	9.5	15.3
Savings	7.7	21.8	18.5	4.3	1.4	5.3	5.9	12.9	15.1	8.7
Reserves	6.1	18.8	17.1	12.2	3.2	6.9	8.5	12.9	10.9	11.5
Undivided earnings	15.2	31.7	32.5	24.3	14.4	19.4	12.4	17.2	12.5	12.1
Gross income	6.7	13.1	3.9	-3.7	1.0	12.3	9.0	14.3	10.6	9.0
Operating expenses	8.8	18.6	12.0	3.1	5.2	8.6	11.4	17.7	12.3	11.1
Dividends	33.4	7.5	-12.8	-15.1	1.2	23.7	-13.4	12.6	11.6	2.0
Net reserve transfers	-21.3	-16.9	23.5	-5.8	26.3	2.1	-2.7	-3.5	18.4	18.0
Net income	11.4	39.7	69.8	11.6	-4.5	-4.5	5.7	7.2	2.0	9.0
SIGNIFICANT RATIOS										
Reserves to assets	4.5%	4.4%	4.3%	4.6%	4.6%	4.6%	4.7%	4.7%	4.5%	4.6%
Reserves and undivided earnings to assets	7.8	7.9	8.2	9.2	9.8	10.5	11.0	11.2	10.8	11.0
Reserves to loans	6.9	7.3	7.9	8.2	7.5	7.3	7.1	7.0	7.1	6.8
Loans to shares	71.0	65.1	59.9	61.7	69.4	71.7	75.3	77.2	73.5	77.9
Operating expenses to gross income	34.6	36.3	39.1	41.9	43.7	42.2	39.1	39.5	45.1	46.0
Salaries and benefits to gross income	14.7	15.4	16.9	19.0	20.0	19.1	18.8	19.0	19.4	20.2
Dividends to gross income	56.1	53.4	44.8	39.5	39.5	43.5	35.0	34.1	34.3	32.2
Yield on average assets	10.6	10.4	9.0	7.8	7.5	8.1	8.4	8.7	8.4	8.2
Cost of funds to average assets	6.0	5.6	4.1	3.1	3.0	3.5	3.6	3.8	3.7	3.5
Gross spread	4.6	4.6	4.6	4.7	4.5	4.6	4.7	4.9	4.7	4.7
Net income divided by gross income	7.3	9.0	14.8	17.1	14.4	12.3	11.9	11.1	10.3	10.3
Yield on average loans	11.4	11.8	10.8	9.5	8.6	8.9	8.4	9.1	8.8	8.4
Yield on average investments	8.5	7.4	5.7	4.7	4.9	5.6	6.0	6.1	5.8	5.4

[1]DOES NOT INCLUDE THE ALLOWANCE FOR LOAN LOSSES

Historical Data, Federal Credit Unions

HISTORICAL DATA FOR FEDERAL CREDIT UNIONS
DECEMBER 31, 1935 TO 1969

YEAR	CHARTERS ISSUED	CHARTERS CANCELED	NET CHANGE	TOTAL OUTSTANDING	INACTIVE CREDIT UNIONS	ACTIVE CREDIT UNIONS	MEMBERS	(AMOUNTS IN THOUSANDS OF DOLLARS) ASSETS	SHARES	LOANS OUTSTANDING
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 1997

								(AMOUNTS IN THOUSANDS OF DOLLARS)		
YEAR	CHARTERS ISSUED	CHARTERS CANCELED	NET CHANGE	TOTAL OUTSTANDING	INACTIVE CREDIT UNIONS	ACTIVE CREDIT UNIONS	MEMBERS	ASSETS	SHARES	LOANS OUTSTANDING
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	6,815	1	6,814	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

Board and Officers

Norman E. D'Amours
Chairman

Yolanda Townsend Wheat
Board Member

Dennis Dollar
Board Member

Carolyn Jordan
Executive Director

Rebecca J. Baker
Secretary of the Board

Robert W. Hall
Executive Assistant to the Chairman

Margaret Broadaway
Executive Assistant to Board Member Wheat

Kirk Cuevas
Executive Assistant to Board Member Dollar

Robert M. Fenner
General Counsel

Robert E. Loftus
Director, Office of Public and Congressional Affairs

H. Frank Thomas
Inspector General

David M. Marquis
Director, Office of Examination and Insurance

Dennis Winans
Chief Financial Officer

Joyce Jackson
Director, Office of Community Development Credit Unions

Robert F. Schafer
Director, Office of Corporate Credit Unions

Edward Dupcak
Director, Office of Investment Services

Doug Verner
Chief Information Officer

James L. Baylen
Director, Office of Administration

Robert A. Pompa
Director, Office of Training and Development

Herbert S. Yolles
President, Central Liquidity Facility

Sherry Turpenoff
Director, Office of Human Resources

NCUA Board Members

■ Chairman Norman E. D'Amours is an attorney and former U.S. Congressman from New Hampshire. He was appointed by President Bill Clinton in 1993 to serve a six year term, which expired in August 1999. He continues to serve until a successor is qualified.

■ Board Member Yolanda Townsend Wheat is an attorney from California who specialized in banking and corporate law before President Bill Clinton appointed her to the NCUA Board in April 1996. Board Member Wheat's term expires in August 2001.

■ Board Member Dennis Dollar, a former Mississippi Congressman and educator, served as president of Gulfport VA Federal Credit Union before being appointed to the NCUA Board by President Bill Clinton in October 1997. His term expires in April 2003.

Field Officers

Regional directors during 1999 were, from the left standing, Nicholas Veghts, Region IV; Jane Walters, Region VI; Leonard J. Skiles, Region V; and Alonzo A. Swann III, Region III. Seated from the left are Anthony LaCreta, Acting Region I Director; and Tawana Y. James, Region II.

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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	
World Wide Web site	www.ncua.gov

Regional Offices