Entering the 21st Century

National Credit Union Administration
2000 Annual Report

financial highlights 2000

NCUA Operating Fund

Operating fee revenue		$ 57.8 million
Other income		1.9 million
Total revenue		59.7 million
Expense budget	$ 135 million	
Actual expenses	127.6 million	
Expenses transferred to Share Insurance Fund	63.8 million	
Operating Fund expenses		63.8 million
Net income (loss)		(4.1) million
Operating Fund balance		2.2 million

National Credit Union Share Insurance Fund

Total revenue	$ 270.1 million
Operating expenses	65.9 million
Insurance loss expense	-0- million
Net income	204.2 million
Reserve for losses	54.8 million
Fund balance	4.6 billion
Equity ratio (fund balance as percentage of insured deposits)	1.33 percent

Central Liquidity Facility

Net income before dividends		$ 56.5 million
Dividends paid		56.6 million
Total assets	932.5 million	
Retained earnings		11.4 million
Capital stock		892.2 million

Federally Insured Credit Unions

Number of credit unions		10,316
Total assets	$ 438.2 billion	
Total insured shares		353.9 billion
Total loans		301.3 billion
Net worth to assets		11.4 percent
Share growth		6.3 percent
Ratio of loans to shares		79.5 percent
Delinquency ratio		0.7 percent
Net income (before reserve transfers)		1.0 percent

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The National Credit Union Administration (NCUA) is the independent federal agency that charters, supervises and insures federal credit unions as well as many state-chartered credit unions. NCUA is funded by credit unions and receives no federal tax dollars.

The 2000 NCUA Annual report is this agency's official report to the President and Congress of the United States. The report includes the financial statements of the NCUA Operating Fund, the National Credit Union Share Insurance Fund, and the Central Liquidity Facility.

NCUA's mission

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.

board statement

Dennis Dollar
Acting chairman

The century opens on a high note for credit unions and the NCUA

2000 was a remarkable year for America's credit unions and the NCUA. Credit unions continued to grow and to lead national member satisfaction surveys by providing consistent, responsive financial service to millions of Americans while maintaining an unparalleled record of safety and soundness.

Federally insured credit union assets and shares increased to $438 billion and $379 billion respectively while capital remained strong with networth at 11.4 percent. Membership now tops 77 million. Over 4 million people have joined credit unions in the past two years. For the sixth straight year, the National Credit Union Share Insurance Fund is positioned to return an annual dividend to credit unions following a year of record income. The number of troubled credit unions is at an all-time low, and the loan-to-share ratio, which demonstrates credit union's success in meeting member's financial needs, is at an all-time high of 79.5 percent.

Yolanda Townsend Wheat
Board member

These impressive statistics reflect the strength and vitality of the credit union movement and the ongoing commitment by NCUA to provide a regulatory environment that enables credit unions to meet member needs in a competitive, dynamic marketplace.

Geoff Bacino
Board member

A few new NCUA initiatives introduced in 2000 include an online vendor examination program that debuted as the number of credit unions offering electronic services grew in leaps and bounds. The agency's field of membership expansion process was automated to offer online applications, and a new Small Credit Union Program link on our web site gives interested credit unions a single place to find guidance and assistance. Among the many regulation changes introduced, a proposed change to Part 721, Incidental Powers, will greatly enhance federal credit union competitive powers.

In 2001, NCUA will continue to ensure the safety and soundness of the federal credit union system and be responsive to its stakeholder credit unions. The agency is committed to review and refine regulations to ensure that credit unions have the flexibility to serve their members with the least regulatory burden. Likewise, the agency will continue to encourage credit unions to offer financial service to lower-income individuals who may be struggling in the midst of our country's financial prosperity. The agency is also committed to reinforce efforts to promote a family-friendly workplace for NCUA employees, people committed to serve and assist the credit union community.

NCUA will continue to provide a regulatory environment that empowers and enables America's credit unions with innovative solutions built on a cornerstone of safety and soundness. As the century opens, NCUA and credit unions are up to its challenges and will seize its opportunities.

Dennis Dollar
Acting chairman

Yolanda T. Wheat
Board member

Geoff Bacino
Board member

administration

Envision the future – plan to make it happen!

J. Leonard Skiles
Executive director

NCUA began the 21st century with a new six-year strategic plan that draws on the insights of credit union community stakeholders, NCUA staff, and various experts. Our strategic plan envisions current and future challenges and positions NCUA and the credit union community to deal with those challenges.

Two points capture the essence of NCUA's Strategic Plan 2000-2005:

- NCUA's safety and soundness regulatory mission includes, in addition to credit union financial health, enabling credit unions to compete in the market place, serve their members, and attract new members.
- NCUA embraces a forward-looking approach, focused on taking advantage of opportunities and mitigating future threats.

As reflected in the Annual Performance Plan 2000 and Annual Performance Report 2000, the first year of the new strategic plan was a year of transition. During this transition period, we concentrated on putting in place the systems, processes and procedures needed to support and carry out the strategic plan. For example, many 2000 accomplishments involved designing new systems, including the Information Systems and Technology Examination System and risk-based examination programs, and developing new procedures, such as expedited field of membership expansion procedures and more flexible processing standards. The impact of many of these initiatives will be felt more fully in later years.

Nonetheless, even in this first year, the performance measures in our plan indicate progress in all five strategic goals.

- First and foremost, credit unions are financially sound.
- Second, credit unions are aggressively moving to integrate financial service and technology to meet member expectations.
- Third, there were several legislative initiatives geared to facilitate credit union innovation and competitiveness.
- Fourth, credit unions continue to expand and enhance service as demonstrated by significant increases in the number and members of select

employee groups, low-income designated credit unions and underserved communities.

- Fifth, NCUA began to put in place an internal infrastructure geared to support agency goals.

During 2001 and in upcoming years, NCUA will continue to be a forward-looking organization, working with the credit union industry to provide safe, sound, secure financial access to all Americans for the 21st Century.

NCUA operations

The year 2000 began for NCUA and credit unions on Y2K event weekend. The collective hard work of the industry and NCUA during 1999 resulted in credit unions entering the new millennium Y2K ready.

In 2000, NCUA completed regulatory changes required by the *Credit Union Membership Access* Act and the *Gramm, Leach, Bliley Act* and implemented necessary rule changes that surfaced during the agency's continuous regulatory review process. Prompt corrective action, consumer information privacy, risk-based net-worth requirements, revisions to the chartering and field of membership policies and proposed incidental powers expansion were among the major regulatory actions. Additionally, we made substantial progress in developing the Regulatory Flexibility Program, issuing an advance notice of rulemaking and then drafting a proposed rule that the Board approved for comment in early 2001.

Effective supervision is central to NCUA's mission. The Future Examination Process Committee is in the midst of engineering an evolutionary approach to examination and supervision, working to ensure NCUA examiners are prepared for market changes and able to shift focus as needed to address current issues. While safety and soundness remains the focus of our examination program, we are also focusing on balancing risk and cost. Risk-based examinations will ensure agency resources are used to optimum benefit, mitigating risk where the potential cost is greatest, while minimizing cost to credit unions.

Just like credit unions, NCUA continues to evolve. Committed to the present while preparing for the future, NCUA and its employees remain dedicated to improving service, maintaining the strength and health of credit unions, and searching for new and innovative ways to provide America's credit union members with secure financial services.

supervision

Success and evolution mark year 2000

Year 2000 began with NCUA and the credit union movement earning accolades for their respective efforts in bolstering contingency plans and ensuring the agency and federally insured credit union computers operated efficiently and smoothly during and after the Year 2000 century date conversion.

Prompt corrective action implemented

In response to the *Credit Union Membership Access Act* mandate to implement a system of prompt corrective action (PCA), during 2000 the NCUA Board adopted new rule Part 702 that applies:

1) a comprehensive framework of supervisory actions;
2) an alternative system of PCA for "new" credit unions; and
3) a risk-based net worth requirement to apply to credit unions in the "well capitalized" and "adequately capitalized" statutory net worth categories that meet the definition of "complex."

The first two components of PCA were effective August 7, 2000. NCUA and state supervisory authorities will officially begin classifying credit unions based upon their net worth ratio during the first quarter of 2001. NCUA will base this classification on data credit unions report on their December 2000 call report, which includes fourth quarter 2000 activity.

AIRES 2000 debuts

In 2000, NCUA distributed the AIRES 2000 program on new Compaq Armada laptop computers. AIRES 2000 improves exam efficiency with its multi-tasking environment, easy worksheet navigation, advanced loan and share queries and quicker importing of download files. Both federal and state examiners were trained to use the new hardware and software.

Call reports changes

The call report (NCUA 5300) underwent extensive revisions for the December 2000 reporting cycle. Several modifications were tied to prompt corrective action requirements. The call report also contains new data inquiries on information systems and technology.

Field of membership updated

The NCUA Board amended the chartering manual to update chartering policies and further streamline the select group application process. The amendments to the chartering manual became effective November 27, 2000. Taking at look at charter changes processed in 2000:

- 23 federal credit unions converted to state charters;
- 0 credit unions converted to mutual savings banks;
- 104 credit unions converted to community charters; and
- 1,443 multiple common bond credit unions expanded to add a total 14,724 groups and 1,906,539 potential members.

An Internet field of membership application was developed and introduced November 27, 2000. This process permits federal credit unions to submit expansion requests for occupational groups of 500 or less potential members on line, with expedited approval by NCUA.

Risk-based examinations on the horizon

The Future Examination Process Committee (FEPC) is in the process of outlining a more risk-based examination program designed to better allocate agency resources. The risk-based examination program will assist the agency in meeting the strategic goals established in NCUA's five-year strategic plan. Developing a risk-based examination program involves the National Examination Council, FEPC, management development program candidates, training advisory board, NASCUS, and many other NCUA divisions.

legislation

CDCU gains an additional $1.5 billion and e-signatures gain authority

Congress adopted little legislation affecting NCUA in 2000; however, the following important pieces of legislation were adopted and considered:

VA-HUD Appropriations, P.L. 106-377: President Clinton signed the VA-HUD bill on October 27. The bill increases the Central Liquidity Facility borrowing ceiling to $1.5 billion. Although NCUA worked to eliminate or further increase the cap, opposition from key staff on the House and Senate Banking Committees made it difficult to win any increase. For the fifth consecutive year, NCUA also won additional monies for the CDCU Revolving Loan Fund. For fiscal year 2001, the Revolving Loan Fund will receive an additional $1 million, $350,000 of which is dedicated, for the first time, to technical assistance.

E-signatures: President Clinton signed e-signature legislation into law June 30, 2000. The House approved the final version of the bill on June 15 in a 426-4 vote; the Senate followed suit on June 16 with an 87-0 vote. The new law gives e-signatures the same legal standing as written signatures for contracts and other documents and will allow for electronic transmission of required consumer disclosures if the consumer affirmatively consents.

Bankruptcy, H.R. 2415: Despite prolonged negotiations and passage of the bill by a veto-proof majority in both chambers of Congress, bankruptcy reform did not become law this year. President Clinton vetoed the bankruptcy bill December 19, after Congress had adjourned. The final bill would have allowed credit union members in bankruptcy to reaffirm their debts without providing supporting financial disclosures. Credit union trade associations vowed to continue the fight for bankruptcy reform in the 107th Congress.

Member Business Loans to Non-Profit Religious Groups, H.R. 4701: On June 20, Rep. Ed Royce (R-CA) introduced the Faith-Based Lending Protection Act, H.R. 4701. This bill, cosponsored by five Republicans and five Democrats, would exempt credit unions serving non-profit religious organizations from the 12.25% of assets cap on member business loans. Later in the year, NCUA supported an amendment to completely eliminate the cap on member business loans but was unable to win support for incorporating it in any end-of-session banking bill.

Deposit insurance increase: On June 8, Rep. Charlie Gonzalez (D-TX) introduced H.R. 4603, a bill that would require NCUA and the federal banking agencies to study the effects of increasing the deposit insurance limit from $100,000 to $200,000. House Banking Financial Institutions Subcommittee Chair Marge Roukema (R-NJ) has also announced her view that Congress should consider an increase in the deposit insurance limit. However, Congress deferred consideration of any deposit insurance increase.

Antitrust Improvements Act, S. 1854, H.R. 1801/S. 1764: A 1976 antitrust law requires pre-merger notification to the Department of Justice or the Federal Trade Commission (FTC) if the value of the acquiring entity exceeds $100 million, the value of the acquired entity exceeds $10 million, and the size of the proposed transaction (the amount of assets being transferred) exceeds $15 million. Recent mergers of several credit unions may have triggered the notification requirement, which also requires payment of a substantial filing fee. Legislation increasing the transaction threshold to $50 million passed late in the year and should make the notification requirement less likely to apply to credit unions. NCUA intends to continue to work for a total exemption from the review requirement.

Supervisory authority over credit union vendors: Although this issue was not raised in 2000, NCUA's Strategic Plan calls for legislation giving NCUA permanent supervisory authority over credit union vendors. NCUA's authority over vendors, which was enacted over the objections of the credit union trade associations in 1999 due to Y2K concerns, will expire December 31, 2001.

litigation, regulation and enforcement

FOM policy challenged, regulation changes initiated and enforcement actions taken

Field of membership policy upheld by Federal District Court

A broad attack on NCUA's policy (IRPS 99-1) implementing the *Credit Union Membership Access Act* was rejected by the Federal District Court for the District of Columbia in March 2000. The American Bankers Association and others filed the challenge on January 8, 1999, just days after the NCUA Board voted to issue the rule.

In a 25-page opinion issued on March 30, 2000, United States District Court Judge Kollar-Kotelly ruled in favor of NCUA and dismissed all challenges to IRPS 99-1. The parties to the litigation then stipulated to the dismissal of the remaining challenges to four community charter conversions/expansions granted under old chartering rules in effect prior to the implementation of IRPS 99-1.

On May 24, 2000, the American Bankers Association and others filed an appeal of the District Court decision with the United States Court of Appeals for the District of Columbia. That Court is expected to set a briefing schedule in the near future and will likely hear the case sometime in 2001. NCUA's litigation staff continues to work closely with U.S. Department of Justice attorneys to defend the appeal.

Major regulatory actions addressed

The Office of General Counsel completed work on a new regulation regarding the privacy of consumer financial information. The privacy regulation, required by the *Gramm-Leach-Bliley Act*, which was signed into law in November 1999, applies to all federally insured credit unions. It protects consumers by requiring credit unions to disclose their privacy policies, including describing the kinds of nonpublic financial information a credit union maintains, and it gives members the right to opt out of having certain information disclosed.

Amendments to the NCUA's Chartering Manual (IRPS 99-1) made it easier for federal credit unions to use streamlined procedures to add select groups and add underserved areas to their fields of membership.

Other major regulatory improvements include a new leasing regulation set out in a plain English, question-and-answer format. Leasing requirements previously were addressed in an agency policy statement and various legal opinions. Placing the requirements in a regulation provides for clarity and enhances accessibility. In addition, significant amendments to share insurance regulations addressed coverage for living trusts and joint accounts and broadened coverage for certain public unit accounts.

Other final regulations addressed a broad range of areas including: prompt corrective action regulations that will become effective in 2001; authority for federal credit unions with a written policy to honor overdrafts; authority for federal credit unions located in Puerto Rico or in a territory or possession of the United States to act as trustees and custodians of certain pension plans; and treatment accorded securitizations and participations by the NCUA in an involuntary liquidation.

Following up on initiatives noted last year on the significance of new technologies and members' financial service expectations, the Office of General Counsel presented a proposed regulation addressing the authority of federal credit unions to engage in activities that are incidental to their operations. The proposed regulation, on which final action is expected in 2001, sets out broad categories of activities such as electronic financial services, marketing and stored value products. Previously, incidental activities were addressed in various legal opinion letters. A regulation in this area will provide more complete and accessible guidance to federal credit unions in this expanding area of operations.

Enforcement orders issued

During calendar year 2000, NCUA continued to use its supervisory enforcement tools in appropriate cases to deal with abuses in insured credit unions. During 2000, the agency issued 42 prohibition orders and one cease and desist order.

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 2000 to increase the visibility and relevance of small and low-income designated credit unions in the financial marketplace. NCUA supported the small and low-income designated credit unions through Small Credit Union Program (SCUP) initiatives aided by regional economic development specialists and small credit union specialists.

Revolving Loan Program activity

The Community Development Revolving Loan Program (CDRLP) appropriation from Congress totaled $10,996,200 through year 2000. Congress continued to demonstrate its support for this successful program by authorizing an additional $1 million be added to the fund in 2001. These funds will enable expansion of the revolving loan program.

CDRLP is a source of low-interest loans and technical assistance grants to low-income designated credit unions. During 2000, the program received 50 requests for $11,569,240. Twenty-five loans for $5,583,000 were approved in 2000. Loans totaling over $10.6 million were outstanding at year-end 2000.

The technical assistance grants program, financed with interest earned from the CDRLP, provides operation funding for training, marketing and fixed assets in 2000. Overall, the technical assistance program received 162 requests for $977,163 during 2000. In response, 116 grants totaling $292,729 were approved.

Student Internship Program

The OCDCU 2000 College Student Summer Internship Program was the most successful to date. The program creates partnerships between low-income designated and other credit unions (large or small) and college juniors and seniors to train and develop a pool of potential future credit union managers. The students selected are business, finance or marketing majors.

With technical assistance grant stipends, the 2000 summer intern program matched 29 college student interns with 58 different credit unions. Stipends provided the interns totaled $72,500 in 2000 compared with $67,500 in 1999 for 27 students.

National Small Credit Union Program

The NCUA Board adopted the National Small Credit Union Program (NSCUP) in March 1999. The NSCUP exists to:

- Promote credit union service to people of modest means;
- Increase access to credit unions for individuals in underserved communities by fostering a regulatory environment where small, newly-chartered and low-income designated credit unions can provide appropriate and needed services to members;
- Promote successful, financially healthy small credit unions through appropriate technical and financial assistance; and,
- Facilitate a regulatory environment that empowers small credit unions.

Nearly 500 credit unions voluntarily participate in the program. The NCUA has committed 74 field staff — 13 economic development specialists (EDS) and 61 small credit union program specialists (SCUPS) — located throughout the nation to carrying out the NSCUP objectives. These specialists focus on increasing access to credit unions and credit union management development through training and mentor relationships.

Recognizing the uniqueness of small credit unions and the necessity to maintain an informed staff, OCDCU conducted two EDS/SCUP training workshops during 2000. The workshops focused on increasing access to credit unions, business development, information technologies and alternative capital sources.

Regional offices held workshops throughout the nation to provide additional assistance to all eligible SCUP credit unions. Several hundred credit unions attended these workshops.

Low-income designated credit unions

OCDCU and the NCUA regional offices promote programs to increase the awareness and benefits of the low-income designation – ability to accept non-member deposits and participate in Community Development Revolving Loan Fund programs, issuance of secondary capital, etc.

The number of low-income designated credit unions grew 20 percent during 2000. An additional 107 credit unions qualified and received the low-income designation during 2000. Currently there are 645 low-income designated credit unions.

Projected focus for 2001 programs

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.

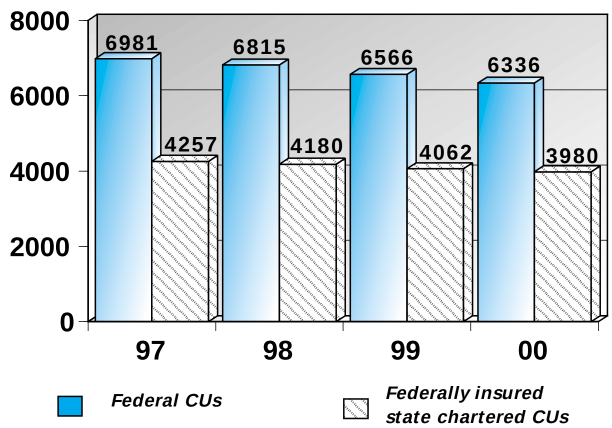
OCDCU will continue to provide a cooperative supervisory effort to help identify and assure the viability and successful operation of low-income designated and small credit unions.

Initiatives involving fellow government agencies, credit union organizations and other organizations will continue or will be broadened. Of special mention are:

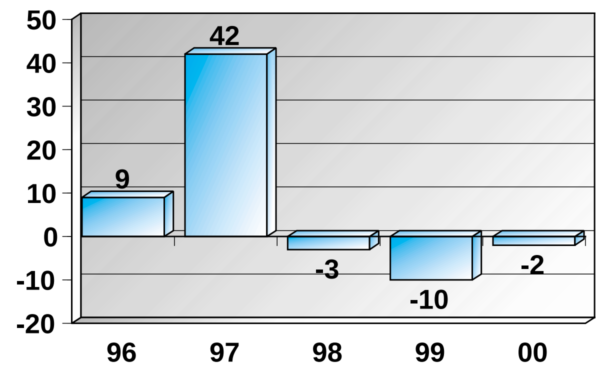
- Department of Agriculture;
- Appalachian Regional Commission;
- Small Business Administration;
- Community Development Financial Institutions
- Community Affairs offices of various financial institution regulatory agencies.

These organizations will be providing additional opportunities to credit unions. Watch the Community Development Credit Union section of NCUA's website for inform on these opportunities.

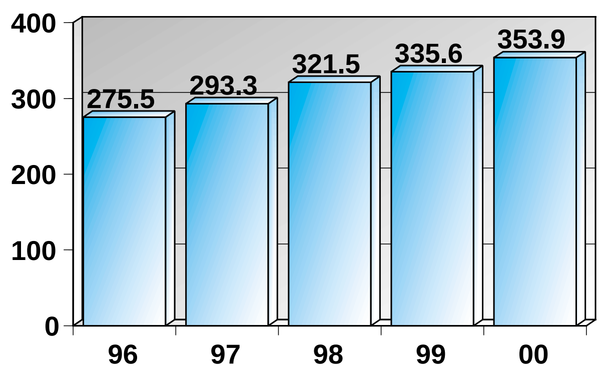
Number of federally insured CUs
December 31



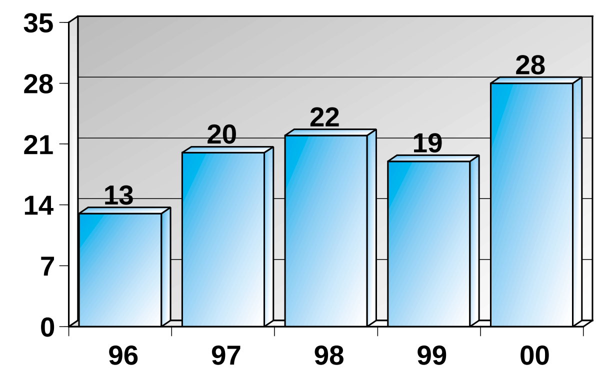
Net conversions to federal insurance
Fiscal year



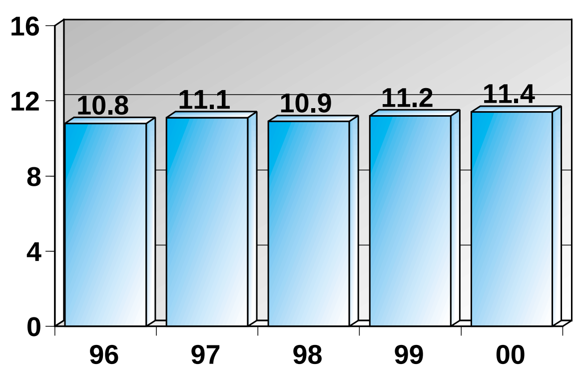
Total insured shares
December 31 (in billions of dollars)



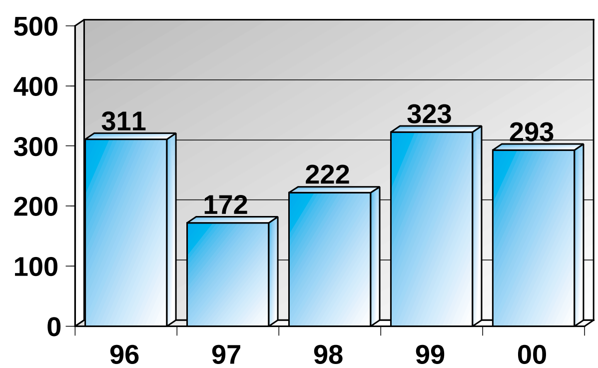
Total liquidations
Fiscal year



Credit union net worth ratio
December 31 (by percent)



Total mergers
Fiscal year



insured credit union activity

Changes in federally insured credit unions
Fiscal year 2000

		Federal credit unions		Federally insured state credit unions	Total
Number January 1, 2000		6,566		4,062	10,628
Additions:					
New charters		8		4	12
Conversions		4		34	38
			FCU to FISCU	33	33
			NFICU to FISCU	1	1
Total Additions		12		38	50
Mergers:		(187)		(106)	(293)
Assisted		(8)		(1)	(9)
Voluntary		(172)		(103)	(275)
Mergers in process		(7)		(2)	(9)
Liquidations:		(19)		(9)	(28)
Voluntary		(0)		(0)	(0)
Involuntary		(14)		(6)	(20)
Liquidations in process		(5)		(3)	(8)
Conversions		(35)		(5)	(40)
	FCU to FISCU	(33)	FISCU to FCU	(4)	(37)
	FCU to NFICU	(0)	FISCU to NFICU	(0)	(0)
	FCU to Non-CU	(2)	FISCU to Non-CU	(1)	(3)
charter cancelled		(1)			
Total subtractions		(242)		(120)	(362)
Number, December 31, 2000		6,336		3,980	10,316
Net change		(230)		(82)	(312)

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

Multiple common bond credit union expansions
January 1 - December 31, 2000

Region	I	II	III	IV	V	VI	TOTAL
Number of credit unions	204	316	305	194	218	207	1444
Number of groups added	1,756	3,197	4,217	1,600	2,035	1,911	14,716
1-200	1,592	2,873	3,779	1,424	1,820	1,670	13,158
201-500	102	192	291	112	114	141	952
501-1,000	32	61	107	39	55	58	352
1,001-1,500	7	30	29	9	17	22	114
1,501-2,000	8	15	6	6	12	6	53
2,001-3,000	11	15	14	6	8	9	63
over 3,000	4	12	8	5	9	5	43
Potential new Members	191,375	443,369	474,598	220,784	326,898	248,820	1,905,844
Average size of Groups added	109	139	112	138	161	130	129
Applications denied	11	41	2	13	23	19	109
Deferrals*	154	351	732	58	145	127	1,567
Groups denied of more than 3,000	2	0	1	4	1	3	11
Groups deferred of more than 3,000	10	25	280	6	12	16	97
Largest approved[1]	1,980	61,000	18,590	43,298	30,000	10,000	

* 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

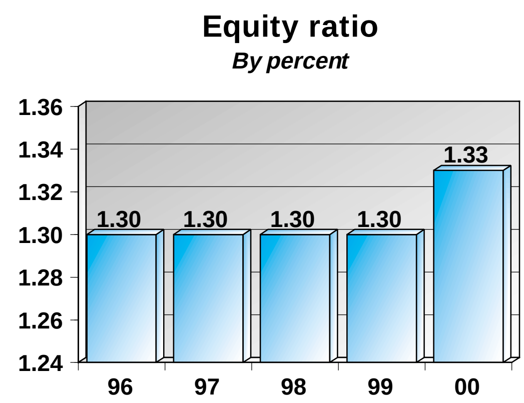
Year 2000 brought historic earnings and a 6th dividend to credit unions

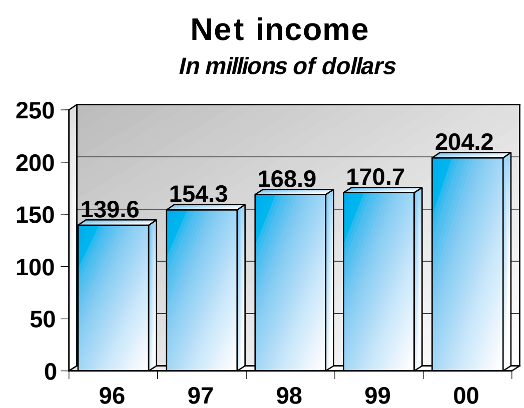
The National Credit Union Share Insurance Fund (NCUSIF) completed 2000 with historic earnings, minimal reserve losses, a dividend paid to credit unions and another expected in 2001, and restructuring changes predicated by the Credit Union Membership Access Act (CUMAA).

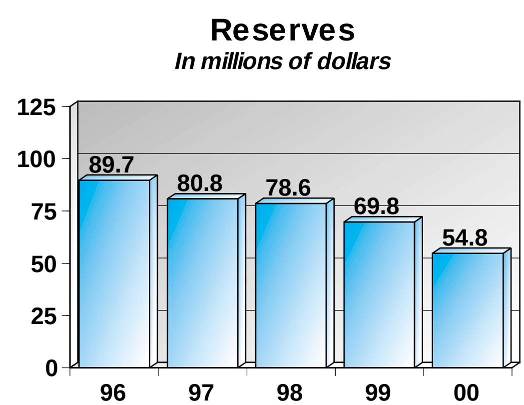
2000 ended with a NCUSIF equity ratio of 1.33 percent. A sixth consecutive cash dividend will be distributed from the Fund to all federally insured credit unions in early 2001 rather than the customary October distribution due to CUMAA. CUMAA requires dividend distribution be made to insured credit unions after calendar year end provided –

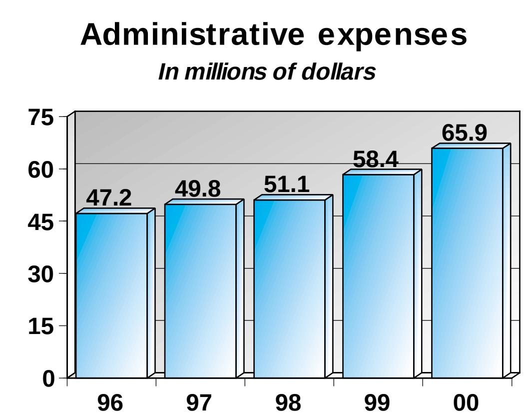
1. Federal government loans to the Fund and any interest on loans have been repaid;
2. Fund equity ratio exceeds the normal operating level; and
3. Fund available asset ratio exceeds 1.0 percent.

Fund pays 6th consecutive dividend
The calculation is based on certified credit union statements for the final reporting period of the calendar year. The "normal operating level" specified by the Board shall be









not less that 1.2 percent and not more than 1.5 percent. The Board established a 1.3 percent normal operating level for 2000.

The Fund's ability to pay six consecutive cash dividends is attributed to the overall good health of insured credit unions and the financial soundness of the NCUSIF. This marks the seventh time in Fund history that a dividend has been declared.

Also in 2000, due to CUMMA the NCUSIF changed the adjustment assessment of credit union's 1% capitalization deposit. Credit unions with assets of $50 million or more must adjust their 1% capitalization deposit amount semiannually. Credit unions with assets under $50 million retain the annual adjustment cycle.

Earnings top $270 million

The Fund earnings in 2000 were $270.1 million before expenses. Most NCUSIF earnings are generated from a $4.5 billion investment portfolio comprised of U.S. Treasury securities with maturities of three years or less. Year 2000 operating costs of $65.9 million were $7.5 million greater than 1999, and net income was a historic high $204.2 million.

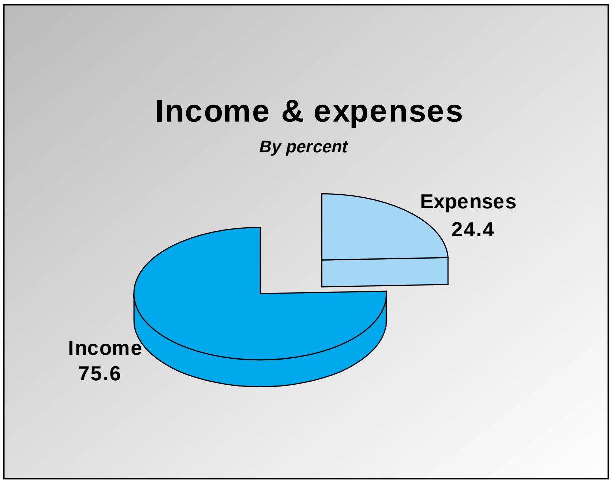
During the year, Fund reserves for insurance losses remained adequate and did not require an increase. In accordance with gener-

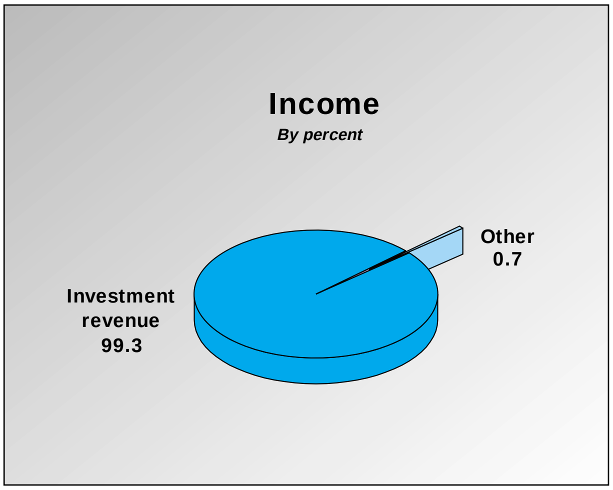
Administrative costs
(in thousands)

Fiscal year	1998	1999	2000
Direct expenses	$778	$1,074	$2,118
Allocated expenses	50,293	57,318	63,780
Total administrative expenses	$51,071	$58,392	$65,898
Percent of NCUA total administrative expenses	50.4%	50.5%	50.8%

Reserves for estimated losses
(in thousands)

Fiscal year	1998	1999	2000
Reserves—beginning of fiscal year	$80,775	$78,626	$69,845
Net charges for fiscal year	(2,149)	(8,781)	(15,045)
Provision for insurance losses	0	0	0
Reserves—end of fiscal year	$78,626	$69,845	$54,800





ally accepted accounting principles, insurance losses are incurred when loss reserves are established for the institutions NCUA management considers to be of significant risk to the NCUSIF. Most of these credit unions have been classified as CAMEL code 4 or 5 institutions. Money spent on failed institutions is not considered an insurance loss. Rather, it is recorded as a charge to reserves. Twenty-nine credit unions failed during 2000, resulting in reserve charges of $15.4 million.

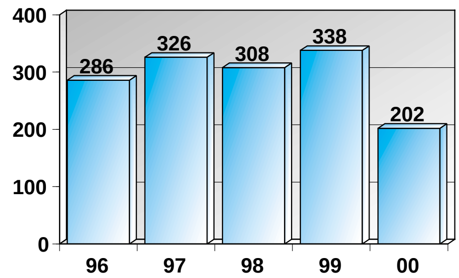
Problem code CUs drop to lowest level

The number of problem code credit unions decreased from 338 at the beginning of the year to 202 at year-end, and these credit unions hold $1.5 billion, less than one-half of one percent of total insured shares. These figures represent the lowest number of problem code credit unions and the smallest percentage of insured shares in the Fund's history. Total insured shares in credit unions grew 5.4 percent to $ 353.9 billion during 2000.

The NCUSIF received its 16th consecutive unqualified audit opinion on its December 31, 2000, financial statements from independent auditors, Deloitte & Touche LLP. The audited financial statements and accompanying footnotes of the independent auditors appear in this report. The NCUSIF continues to be the only federal deposit in-

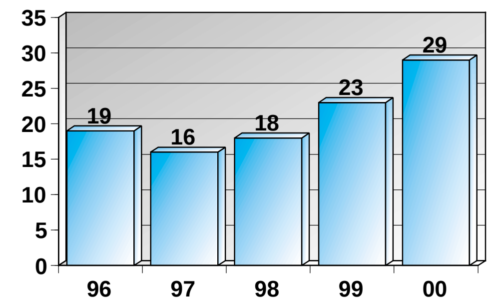
Number of Problem Credit Unions

Camel codes 4 & 5



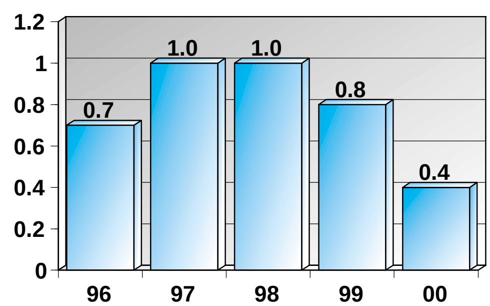
Involuntary liquidations & assisted mergers

Number of cases



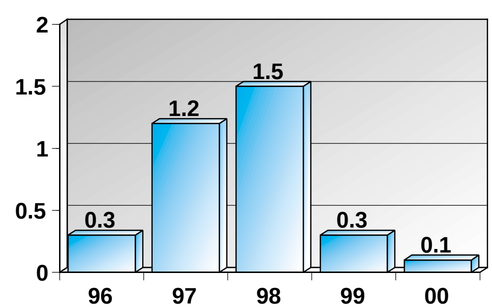
Percentage of problem shares to total insured shares

Number of cases



Cash assistance outstanding

In millions of dollars



surance fund that has its financial statements audited annually by an independent accounting firm in addition to the General Accounting Office.

Percentage of shares by CAMEL category

Category	1997	1998	1999	2000
Code 1 & 2	92.7%	90.2%	90.1%	92.9%
Code 3	6.3	8.9	9.3	6.7
Code 4	1.0	.9	0.6	0.4
Code 5	0.0	0.0	0.0	0.0
Totals	**100%**	**100%**	**100%**	**100%**

Summary of CAMEL code 4 & 5 credit unions

Fiscal year	1997	1998	1999	2000
Number of Code 4 & 5 credit unions	326	308	338	202
Percentage of insured credit unions	2.9%	2.8%	3.2%	2.0%
Shares in Code 4 & 5 credit unions	$2.9b	$3.2b	$2.7b	$1.5b
Percentage of NCUSIF natural person insured shares	.95%	.99%	.80%	.42%

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
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%
2000	195,871	157,871	353,867	5.4%

corporate credit unions

Liquidity tightens and e-commerce evolves

2000 was a year of challenges for corporate credit unions as they positioned to meet both the traditional and the evolving needs of their members. For the first time in recent years, liquidity was an issue at the forefront in the credit union system. The outflow of funds that was expected to take place in late 1999 as a result of the public's concern with Y2K actually took place several months into 2000, fueled by consumer confidence in the economy.

Tighter liquidity and savvy savers

Further compounding the tightening liquidity situation is the changing way the public invests its savings. More financially savvy than in the past, individuals are placing savings in mutual funds, the stock market, or in accounts with their broker rather than in a traditional savings account offered by financial institutions. The competition among banks, thrifts and credit unions is likely to increase over time.

For 2000, corporates readily met the liquidity demands of their members. In 2001 and beyond, the challenge for corporate credit unions will be to maintain their role of liquidity providers to natural person credit unions in an environment of continually shrinking available funds.

E-Commerce dimension grows

Just as much as natural person credit unions have grown to depend on corporates as a source of liquidity, they have also grown to rely on corporates as a provider of products and services.

Consumers are becoming more and more comfortable with services that can be provided electronically, and they expect their credit unions to offer these service options. There were a number of different approaches taken by corporate credit unions to address the emerging member need for "e-commerce" services. Some corporates have taken an independent approach to develop their own internal systems, others formed a consortium to share the costs and benefits of an e-commerce program, while still others went in the direction of a corporate network generated system.

While approaches vary, the result is corporates are taking proactive steps to ensure credit unions are not left behind in the continued evolution of financial services.

Future tied to human capital and communication

OCCU is ready to confront the demands of the changing economic and service environment in corporate credit unions. To meet that goal, we need to use our resources effectively. Our most valuable resource is our people. This office is committed to maintaining a staff of highly trained, highly motivated individuals. OCCU has recruited qualified candidates from within NCUA and from other government agencies as well as the private sector. We have developed internal training courses to address the issues specific to corporate credit unions.

2001 promises to be a year of new challenges and issues for corporates and for OCCU. Through mutual, open lines of communication, a positive working relationship has been established. A top priority for the coming year is a cooperative effort in refining the corporate credit union regulations to balance the needs of safety and soundness with the realities of financial institution operations in the 21st century.

Federal corporate credit unions
December 31, 2000

Corporate name	City, State	Assets
Corporate One	Columbus, Ohio	$ 1,239,343,123
Eastern Corporate	Woburn, Massachusetts	992,070,208
Empire Corporate	Albany, New York	2,502,787,634
Kentucky Corporate	Louisville, Kentucky	247,577,264
LICU Corporate	Endicott, New York	5,535,662
Mid-Atlantic Corporate	Middletown, Pennsylvania	1,791,354,818
Mid-States Corporate	Warrenville, Illinois	2,876,869,754
Minnesota Corporate	Eagan, Minnesota	532,172,141
Nebraska Corporate	Omaha, Nebraska	97,394,648
Pacific Corporate	Honolulu, Hawaii	263,060,263
South Dakota Corporate	Sioux Falls, South Dakota	68,104,428
Southeast Corporate	Tallahassee, Florida	1,749,387,323
Southwest Corporate	Dallas, Texas	3,832,975,969
Tricorp Corporate	Westbrook, Maine	322,459,642
Virginia League Corporate	Lynchburg, Virginia	600,192,390
Western Corporate	San Dimas, California	11,797,126,303
Total		**$ 28,918,411,570**

Federally insured state corporate credit unions
December 31, 2000

Corporate name	City, State	Assets
Alabama Corporate	Birmingham, Alabama	$ 540,159,832
Central Credit Union Fund	Auburn, Massachusetts	191,253,622
Central Corporate	Southfield, Michigan	1,913,982,026
Constitution State	Wallingford, Connecticut	810,203,326
First Corporate	Phoenix, Arizona	441,281,977
First Carolina Corporate	Greensboro, North Carolina	1,050,028,569
Georgia Central	Duluth, Georgia	841,623,453
Iowa League Corporate	Des Moines, Iowa	276,602,606
Kansas Corporate	Wichita, Kansas	244,715,856
Louisiana Corporate	Metairie, Louisiana	98,999,065
Northwest Corporate *	Portland, Oregon	730,417,398
Rocky Mountain Corporate	Salt Lake City, Utah	257,355,138
SunCorp	Arvada, Colorado	847,632,841
Volunteer Corporate	Brentwood, Tennessee	573,294,568
West Virginia Corporate	Parkersburg, West Virginia	136,661,314
Total		**$ 8,954,211,591**

** Effective December 31, 2000, Washington Corporate Federal Credit Union merged into Northwest Corporate Credit Union. The assets reported reflect the merged institutions.*

Nonfederally insured corporate credit unions
December 31, 2000

Corporate name	City, State	Assets
Missouri Corporate	St. Louis, Missouri	$ 607,833,440
North Dakota Corporate *	Bismarck, North Dakota	132,848,087
Treasure State Corporate	Helena, Montana	148,504,491
Wisconsin Corporate	Hales Corners, Wisconsin	833,562,430
Total		**$ 1,722,748,448**

** Effective January 2, 2001, North Dakota Corporate converted to a federal charter and changed its name to Midwest Corporate Federal Credit Union.*

Total for all corporates (Excluding U.S. Central)	**$39,595,371,609**
U.S. Central Credit Union	$22,758,501,986

Key statistics on federally insured corporate credit unions
December 31, 2000 (in millions)

December 31	1998	1999	2000
Number:	34	33	32
Assets:	$41,276.2	$37,417.2	$37,872.7
Loans:	120.4	1,165.9	892.9
Shares:	36,755.9	31,397.2	30,953.3
Reserves:	2,363.7*	2,688.5	2,828.8
Undivided earnings:	454.5	482.0	543.1
Gross income:	2,120.8	2,225.4	2,324.2
Operating expenses:	156.7	179.9	199.5
Interest on borrowed funds:	103.2	101.4	145.3
Dividends and interest:	1,756.6	1,825.7	1,883.2
Reserve transfers:	19.6	34.6	13.8
Net income:	84.6	83.8	82.4

Dollar amounts do not include U.S. Central

Significant ratios

Reserves to assets:	5.7*	7.2*	7.5
Reserves and undivided earnings to assets:	6.8*	8.4*	8.9
Operating expenses to gross income:	7.4	8.0	8.6
Yield on assets:	5.1	5.8	6.1
Cost of funds to assets:	4.5	5.1	5.4
Gross spread:	.6	.7	.7

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

asset management and assistance center

Service and accomplishment

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

- Administers all involuntary liquidations;
- Manages and disposes of assets acquired by the Share Insurance Fund;
- Prepares and negotiates bond claims on assigned cases; and
- Provides consulting services to the regions and credit unions.

In May 2000, AMAC began a large project involving the involuntary liquidation of a credit union due to massive fraudulent transactions that resulted in large differences in share balances for over half the accounts. AMAC spent a great deal of time and resources entering account and transaction data, reconstructing accounts, corresponding with, obtaining affidavits from, and paying members for verified share balances. A total 8,058 hours were spent on this project in 2000. The ongoing investigation and resolution of this matter will continue well into 2001.

2000 AMAC activities and actions:

- Processed five involuntary liquidations, 17 purchase and assumptions and five share payouts. Loan recoveries exceeded $6.5 million in 2000.
- Filed five bond claims totaling $3,290,970, and bond claim collections totaled $500,000.
- Assisted all six regional offices with 16 consulting assignments totaling 1,792 hours. The assignments involved accounting services, loan portfolio analysis and valuations, loan sales, real estate valuations, analysis of policies and procedures and bond claims.
- Provided six seminars to credit unions on lending and collections. The AMAC staff attorney made several presentations on the new CUMIS bond.

New liquidation accounting software was installed and implemented in 2000. The conversion and testing of hardware and software as well as testing the various databases required a tremendous amount of resources.

Future initiatives

AMAC will keep a watchful eye on economic indicators and the potential effect they may have in the later part of 2001.

Consulting with the regions and credit unions on unique problems and liquidation work will continue to be major workload factors. The AMAC's qualified staff remains ready to respond to the needs of the regions and to deal with liquidations.

central liquidity facility

Liquidity is our purpose

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

The CLF serves as a back-up lender to meet the liquidity needs of its members when funds are unavailable from standard credit sources.

CLF borrowing cap raised

The CLF's borrowing cap, a limit on funds the CLF may borrow to meet new loans to members, was increased to $1.5 billion for 2001 when the VA-HUD and Independent Agencies appropriation bill was signed October 27, 2000. This important increase will assure that the CLF continues as a reliable liquidity source available to meet unanticipated credit union liquidity needs.

The CLF is authorized by statute to borrow up to twelve times its subscribed capital stock and surplus. However, except during the Y2K-transition period and for 2001, Congress has restricted the CLF borrowing authority to $600 million.

CLF operations

The CLF returned 100 percent of its net investment income to members after funding operating expenses last year. This resulted in an average 6.26 percent member dividend in 2000.

During the latter part of 1999, the CLF borrowed an average outstanding amount of $1 billion from the Federal Financing Bank (FFB) to assure adequate funds were available to meet members' potential Y2K-related liquidity needs. The CLF funded approximately $664 million of total Y2K-related agent and regular member requests, mostly for overnight funds. Outstanding Y2K-related requests were repaid to the CLF during the first quarter of 2000. In turn, the CLF repaid the FFB loans in early 2000. The FFB borrowing cost was absorbed by the CLF's reserves in 1999 and in 2000. This cost resulted in a $62,500 operating loss for 2000.

CLF poised to assist if needed

Despite increasingly tighter liquidity trends within the credit union industry last year, only one $40 million agent request for funds unrelated to Y2K was granted in 2000. A low level of liquidity in the system increases the susceptibility of institutions to unplanned liquidity strains. If prevailing tight liquidity trends continue and couple with an unanticipated liquidity need, the CLF remains poised to help meet the credit union industry's funding needs should traditional credit sources be unavailable.

In October 2000, the NCUA Board issued a proposed Interpretive Ruling and Policy Statement with request for comments by January 2001. The proposed policy is intended to clarify the role of the CLF and the circumstances when the CLF will approve a regular or agent member's request for a CLF advance.

Clean audit opinion

For 2000, the CLF received an unqualified audit opinion on its financial statements from an independent auditor for the 15th consecutive year.

operating fund

Credit unions fund NCUA

NCUA operating costs are shared with the National Credit Union Share Insurance Fund (NCUSIF) through a monthly accounting procedure known as the overhead transfer. A study of staff time spent on insurance versus supervision related duties completed in 1997 retained previous study findings that set a 50 percent overhead transfer rate, and the NCUA Board approved this rate for a three-year period. A new study in 2000 indicated that the rate should be changed to 66.72% for 2001. Since the NCUA Board retains the right to revisit the overhead transfer allocation on an annual basis, the rate will be re-evaluated in 2001.

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

How the fee is calculated and spent

The operating fee assessment is calculated by applying the assessment rate scale to the previous December 31 assets of individual federal credit unions. The 2000 assessment rate was raised by 5.4% after remaining unchanged in 1999. The 1998 fee was increased by 9.25 percent, the first increase since 1991. Federal credit union operating fees were reduced by 22.7 percent between 1994 and 1997.

The Operating Fund earned $59.7 million in fiscal year 2000. Of this amount, $57.8 million came from operating fees and the balance from interest and other income. Total operating expenses in 2000 were $63.8 million, $3.7 million under budgeted expense projections of $67.5 million. Most savings can be attributed to staff vacancies, which were 4.8 percent under the authorized number.

The 2000 budget projected a $7.4 million net loss to the Operating Fund as the agency continues efforts to reduce the fund balance. However, because of budget savings from vacant staff positions, the net loss for 2000 was approximately $4.1 million. As a result, the Fund balance at year-end 2000 was $2.2 million.

Operating Fund earns 16th clean audit opinion

For the 16th consecutive year, independent accountants rendered unqualified opinions on NCUA's financial statements. The auditor's reports and the comparative financial statements follow for the Operating Fund, Share Insurance Fund, and Central Liquidity Facility for 1999 and 2000.

Deloitte
& Touche

INDEPENDENT AUDITORS' REPORT

To the Inspector General of the
National Credit Union Administration:

We have audited the financial statements appearing on pages 34-53 of this Annual Report of, respectively, the National Credit Union Administration Share Insurance Fund, Operating Fund, and Central Liquidity Facility (collectively, the "funds") as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the National Credit Union Administration's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 Administration Share Insurance Fund, of the Operating Fund, and of the Central Liquidity Facility at December 31, 2000 and 1999, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 5 to the Share Insurance Fund financial statements, the provisions of the Credit Union Membership Access Act of 1998 have affected the calculation and timing of dividends from the Share Insurance Fund effective January 1, 2000.

In accordance with *Government Auditing Standards*, we have also issued reports dated February 16, 2001, 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 audits performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Deloitte & Touche LLP

February 16, 2001

Deloitte
Touche
Tohmatsu

NATIONAL CREDIT UNION SHARE INSURANCE FUND

BALANCE SHEETS
DECEMBER 31, 2000 AND 1999
(Dollars in Thousands)

ASSETS	2000	1999
Investments (Note 6)	$3,482,730	$ 2,487,361
Cash and cash equivalents	1,098,005	1,679,975
Accrued interest receivable	69,261	38,814
Assets acquired in assistance to insured credit unions	9,074	9,943
Capital notes advanced to insured credit unions	146	325
Notes receivable - National Credit Union Administration Operating Fund (Note 8)	31,748	33,161
Other notes receivable	112	1,920
Fixed assets - net of accumulated depreciation and amortization (Note 3)	1,796	-
TOTAL ASSETS	$4,692,872	$ 4,251,499

LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Estimated losses from supervised credit unions (Note 4)	$ 54,800	$ 69,845
Estimated losses from asset and merger guarantees (Note 4)	959	875
Amounts due to insured shareholders of liquidated credit unions	7,094	8,934
Due to National Credit Union Administration Operating Fund (Note 8)	938	1,618
Accounts payable	7	49
Obligations under capital leases (Note 9)	1,374	-
Total liabilities	65,172	81,321
COMMITMENTS AND CONTINGENCIES (Notes 4, 8, 9, and 12)		
FUND BALANCE:		
Insured credit unions' accumulated contributions	3,468,932	3,215,634
Insurance fund balance	1,158,768	954,544
Total fund balance	4,627,700	4,170,178
TOTAL LIABILITIES AND FUND BALANCE	$4,692,872	$ 4,251,499

See notes to financial statements.

NATIONAL CREDIT UNION SHARE INSURANCE FUND

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2000 AND 1999
(Dollars in Thousands)

	2000	1999
REVENUES:		
Interest	$ 268,169	$ 227,281
Other	1,952	1,850
Total revenues	270,121	229,131
EXPENSES:		
Administrative expenses (Note 8):		
Employee wages and benefits	47,054	42,673
Travel	6,950	5,402
Rent, communications, and utilities	1,671	1,839
Contracted services	2,744	2,097
Other	7,478	6,381
Total expenses	65,897	58,392
EXCESS OF REVENUES OVER EXPENSES	$ 204,224	$ 170,739

See notes to financial statements.

STATEMENTS OF FUND BALANCE
YEARS ENDED DECEMBER 31, 2000 AND 1999
(Dollars in Thousands)

	Insured Credit Unions' Accumulated Contributions	Insurance Fund Balance
BALANCE AT JANUARY 1, 1999	$ 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
Contributions from insured credit unions	253,298	-
Excess of revenues over expenses	-	204,224
BALANCE AT DECEMBER 31, 2000	$ 3,468,932	$1,158,768

See notes to financial statements.

NATIONAL CREDIT UNION SHARE INSURANCE FUND

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2000 AND 1999
(Dollars in Thousands)

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenues over expenses	$ 204,224	$ 170,739
Adjustments to reconcile excess of revenues over expenses to cash provided by operating activities:		
Depreciation and amortization	507	-
Reserves (recoveries) relating to losses from supervised credit unions and assets and merger guarantees - net	(14,961)	(7,948)
(Increase) decrease in assets:		
Accrued interest receivable	(30,447)	1,257
Assets acquired from credit unions, net	869	4,310
Capital notes advanced to credit unions - net	179	1,141
Other notes receivable	1,808	(973)
(Decrease) increase in liabilities:		
Amounts due to National Credit Union Administration Operating Fund	(680)	(511)
Amounts due to insured shareholders of liquidated credit unions	(1,840)	1,322
Accounts payable	(42)	(505)
Net cash provided by operating activities	159,617	168,832
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments, net	(995,369)	339,738
Collections on note receivable - National Credit Union Administration Operating Fund	1,413	1,413
Purchase of fixed assets	(522)	-
Net cash (used in) provided by investing activities	(994,478)	341,151
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions from insured credit unions	253,298	277,131
Dividends to insured credit unions	-	(88,369)
Principal payments under capital lease obligation	(407)	-
Net cash provided by financing activities	252,891	188,762
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(581,970)	698,745
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,679,975	981,230
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,098,005	$ 1,679,975

SUPPLEMENTAL DISCLOSURES OF NONCASH FINANCING ACTIVITIES:
A capital lease obligation of $1,781 was incurred when the Fund entered into a lease for new equipment.

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999

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.

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

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 premium charge for insurance in an amount stated as a percentage of insured shares outstanding as of December 31 of the preceding insurance year if the Fund's equity ratio is less than 1.3 percent. The NCUA Board waived the 2000 and 1999 share insurance premiums (see Note 5).

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, lease obligations, due to insured shareholders of liquidated credit unions and other accounts payable are recorded at book values, which approximate the respective fair values.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions 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. FIXED ASSETS

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

	December 31, 2000	December 31, 1999
Furniture and equipment	$ 522	$ -
Capital leases	1,781	-
Total	2,303	-
Less: Accumulated depreciation and amortization	507	-
Total fixed assets - net	$ 1,796	$ -

4. PROVISION FOR INSURANCE LOSSES

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

Total insurance in force as of December 31, 2000, is $355 billion, which includes natural person and corporate credit unions. The total net reserves for identified and anticipated losses from supervised credit unions' failures is $56 million at December 31, 2000. Should there be no recoveries provided during the resolution process, possible additional reserves for $27.3 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 $2,362,000 and $1,281,000 at December 31, 2000 and 1999, 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, 2000 and 1999, are approximately $5,945,000 and $6,085,000, respectively. The total balances outstanding under these line-of-credit guarantees at December 31, 2000 and 1999, are approximately $1,674,000 and $200,000, 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, 2000	Year Ended December 31, 1999
BEGINNING BALANCE	$ 70,720	$ 78,668
Insurance losses	(19,774)	(14,324)
Recoveries	4,813	6,376
ENDING BALANCE	$ 55,759	$ 70,720

5. FUND CAPITALIZATION

The Credit Union Membership Access Act of 1998 (CUMAA) mandated changes to the Fund's capitalization provisions effective January 1, 2000. Each insured credit union shall pay to and maintain with the Fund a deposit in an amount equaling 1% of the credit union's insured shares. The amount of each insured credit union's deposit shall be adjusted as follows, in accordance with procedures determined by the NCUA Board, to reflect changes in the credit union's insured shares: (i) annually, in the case of an insured credit union with total assets of not more than $50,000,000; and (ii) semiannually, in the case of an insured credit union with total assets of $50,000,000 or more. The annual and semiannual adjustments are based on member share deposits outstanding as of December 31 of the preceding year and June 30 of the current year, respectively. Through 1999, under Title VIII of Public Law 98-369, each credit union's deposit was adjusted annually and was based on member share deposits outstanding as of December 31 of the preceding year. The 1% contribution will be returned to the insured credit union in the event that its insurance coverage is terminated, or is obtained from another source, or the operations of the Fund are transferred from the NCUA Board.

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

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

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

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

The NCUA Board has determined the normal operating level to be 1.33% as of December 31, 2000, which considers an estimated $31.9 million in deposit adjustments to be billed to insured credit unions in 2001 based upon total insured shares as of December 31, 2000.

Through 1999, the law required 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 determined this level to be 1.30% of insured shares at December 31, 1999.

The NCUA Board declared and paid dividends of approximately $88,370,000 during 1999. The CUMAA mandates the use of year-end reports of insured shares in the calculation of the specified ratios, and thus dividends related to 2000 will be declared and paid in 2001 based on insured shares as of December 31, 2000, as reported by the insured credit unions. Total insured shares at December 31, 2000 and 1999, were $355 billion and $337 billion, respectively.

6. INVESTMENTS

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

Investments consist of the following (in thousands):

	December 31, 2000				
	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	6.28 %	$1,098,748	$ 3,565	$ -	$1,102,313
Maturities after one year through five years	6.07 %	2,383,982	36,393	-	2,420,375
Total		$3,482,730	$39,958	$ -	$3,522,688

	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

Total investment purchases during 2000 and 1999 were approximately $1.9 billion and $1.1 billion, respectively. Investment maturities during 2000 and 1999 were approximately $0.9 billion and $1.5 billion, respectively. The Fund has the capability and management has the intention to hold all investments held at December 31, 2000 and 1999, to maturity. There were no investment sales during 2000 and 1999.

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 2000 and 1999.

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 2000 and 1999. On November 16, 2000, the NCUA Board voted to increase the allocation factor to the Fund for 2001 from 50% to 66.72%. The cost of services provided by the NCUA Operating Fund was approximately $63,780,000 and $57,319,000 for 2000 and 1999, respectively, and includes pension contributions of approximately $4,730,000 and $4,152,000 to the Civil Service Retirement System and Federal Employees Retirement System defined benefit retirement plans for 2000 and 1999, 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 $76,000 for 2000 and $74,000 for 1999. The note receivable balance at December 31, 2000 and 1999, was approximately $1,242,000 and $1,314,000, 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 $1,857,000 and $1,788,000 for 2000 and 1999, respectively. The note receivable balance at December 31, 2000, was approximately $30,506,000.

The above notes mature as follows (in thousands):

	Unsecured Term Note	Secured Term Note	Total
2001	$ 72	$ 1,341	$ 1,413
2002	72	1,341	1,413
2003	72	1,341	1,413
2004	72	1,341	1,413
2005	72	1,341	1,413
Thereafter	882	23,801	24,683
Total	$1,242	$30,506	$31,748

The variable rate on both term notes is equal to the Fund's prior-month yield on investments. The average interest rate during 2000 and 1999 was approximately 5.95% and 5.52%, respectively. At December 31, 2000, the rate was 6.05%.

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 2000, 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 $406,500 and $444,000 for 2000 and 1999, 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, 2000, are as follows (in thousands):

2001	$ 832
2002	850
2003	524
2004	453
Total	$ 2,659

9. LEASE COMMITMENTS

Description of Leasing Agreements - The Fund has entered into lease agreements with vendors for the lease of equipment that includes computers, laptops, and printers.

Capital Leases - The Fund leases computer equipment under lease agreements that expire through 2004.

The following is a schedule of future minimum lease payments as of December 31, 2000, are as follows (in thousands):

2001	$ 659
2002	659
2003	164
Total	1,482
Less: Imputed interest	(135)
Present value of net mimimum lease payments	$1,347

10. DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	December 31, 2000		December 31, 1999	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Investments	$ 3,482,730	$ 3,522,688	$ 2,487,361	$ 2,470,968
Cash and cash equivalents	1,098,005	1,098,005	1,679,975	1,679,975
Accrued interest receivable	69,261	69,261	38,814	38,814
Notes receivable - NCUA Operating Fund	31,748	31,748	33,161	33,161
Amounts due to insured shareholders of liquidated credit unions	7,094	7,094	8,934	8,934
Due to NCUA Operating Fund	938	938	1,618	1,618
Accounts payable	7	7	49	49
Lease obligation	1,347	1,347	-	-

11. CONCENTRATIONS

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

12. CONTINGENCIES

Field of Membership Litigation - On December 17, 1998, NCUA's Board issued a final rule implementing the Credit Union Membership Access Act (CUMAA), which had amended the Federal Credit Union (FCU) Act. On January 18, 1999, a lawsuit was filed by the American Bankers Association (ABA), ABA v. NCUA, which challenged this rule on the premise that the rule violates the FCU Act as modified by 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 filed a partial motion to dismiss on April 15, 1999. On March 30, 2000, the Court issued an opinion granting NCUA's Motion to Dismiss as to all counts except one of the ABA's amended complaint. That count has now been dismissed and a Notice of Appeal has been filed with the Court of Appeals. A briefing schedule has been issued. In the opinion of management, the ultimate resolution of this matter will not be material to NCUA's financial position.

Office of Personnel Management Action - The U.S. Office of Personnel Management (OPM) referred to the Office of Special Counsel (OSC) its findings contained in a report entitled "Report of a Delegated Examining Oversight Review, National Credit Union Administration," dated June 16-20, 1997 (the OPM Report). The OSC completed its investigation in 1999 and forwarded its findings to the NCUA Board. On February 2, 2000, the NCUA Board proposed personnel actions against certain employees. These actions were taken and the employees appealed to the Merit Systems Protection Board (MSPB). NCUA's actions were upheld by the MSPB, and two of the employees have appealed those decisions. In the opinion of management, the ultimate resolution of this matter will not be material to NCUA's financial position.

In one personnel action, NCUA reached a settlement in 2000, whereby it reimbursed certain legal fees and paid certain retirement benefits to a former employee. The estimated amount of the settlement, $361,000, was 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 these disputes, if any, will not be material to NCUA's financial position.

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NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND

BALANCE SHEETS
DECEMBER 31, 2000 AND 1999
(Dollars in Thousands)

ASSETS	2000	1999
Cash and cash equivalents	$ 9,923	$ 12,695
Due from National Credit Union Share Insurance Fund (Note 4)	938	1,618
Employee advances	663	816
Other accounts receivable	153	258
Prepaid expenses	429	105
Fixed assets - net of accumulated depreciation and amortization (Note 3)	41,197	38,704
Employee residences held for resale	87	452
TOTAL ASSETS	$53,390	$ 54,648
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	$ 3,621	$ 4,109
Obligations under capital leases (Note 5)	3,860	-
Accrued wages and benefits	4,492	4,390
Accrued annual leave	6,668	5,860
Accrued employee travel	767	828
Notes payable to National Credit Union Share Insurance Fund (Note 4)	1,748	33,161
Total liabilities	51,156	48,348
COMMITMENTS AND CONTINGENCIES (Notes 5 and 8)		
FUND BALANCE	2,234	6,300
TOTAL LIABILITIES AND FUND BALANCE	$53,390	$ 54,648

See notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2000 AND 1999
(Dollars in Thousands)

	2000	1999
REVENUES:		
Operating fees	$ 57,752	$ 53,884
Interest	1,719	1,426
Other	243	258
Total revenues	59,714	55,568
EXPENSES (Note 4):		
Employee wages and benefits	47,054	42,674
Travel	6,951	5,402
Rent, communications, and utilities	1,671	1,839
Contracted services	2,744	2,096
Other	5,360	5,308
Total expenses	63,780	57,319
(DEFICIENCY) OF REVENUES OVER EXPENSES	(4,066)	(1,751)
FUND BALANCE, BEGINNING OF YEAR	6,300	8,051
FUND BALANCE, END OF YEAR	$ 2,234	$ 6,300

See notes to financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2000 AND 1999
(Dollars in Thousands)

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Deficiency of revenues over expenses	$ (4,066)	$ (1,751)
Adjustments to reconcile deficiency of revenues over expenses to cash provided by operating activities:		
Depreciation and amortization	3,637	3,197
Loss on disposal of employee residences held for resale	64	77
Miscellaneous allowances	(8)	10
(Increase) decrease in assets:		
Due from National Credit Union Share Insurance Fund	680	511
Employee advances	153	49
Other accounts receivable	105	(145)
Prepaid expenses	(324)	59
(Decrease) increase in liabilities:		
Accounts payable	(472)	45
Accrued wages and benefits	102	(474)
Accrued annual leave	808	908
Accrued employee travel	(61)	93
Net cash provided by operating activities	618	2,579
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets and employee residences held for resale	(1,651)	(1,884)
Proceeds from sale of employee residences held for resale	810	677
Net cash used in investing activities	(841)	(1,207)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of notes payable	(1,413)	(1,413)
Principal payments under capital lease obligation	(1,136)	-
Net cash used in financing activities	(2,549)	(1,413)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,772)	(41)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,695	12,736
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 9,923	$12,695
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	$ 1,933	$ 1,862

SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES:
A capital lease obligation of $4,987 was incurred when the fund entered into a lease for new equipment.

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999

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 2000 and 1999 were cash equivalents and are stated at cost, which approximates market.

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

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

Income Taxes - The Fund is exempt from Federal income taxes under §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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's estimates.

3. FIXED ASSETS

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

	2000	1999
Office building and land	$ 42,383	$ 42,246
Furniture and equipment	16,588	22,431
Equipment under capital lease	4,987	-
Total	63,958	64,677
Less: Accumulated depreciation and amortization	(22,761)	(25,973)
Fixed assets - net	$ 41,197	$ 38,704

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 2000 and 1999. On November 16, 2000, the NCUA Board voted to increase the allocation factor to NCUSIF for 2001 from 50% to 66.72%. The cost of the services allocated to NCUSIF, which totaled approximately $63,780,000 and $57,319,000 for 2000 and 1999, respectively, is reflected as a reduction of the corresponding expenses in the accompanying financial statements.

In 1988, the Fund entered into a $2,161,000 thirty-year unsecured term note with NCUSIF for the purchase of a building. Interest costs incurred were approximately $76,000 for 2000 and $74,000 for 1999. The outstanding principal balance at December 31, 2000 and 1999, was $1,242,000 and $1,314,000, 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 $1,857,000 and $1,788,000 for 2000 and 1999, respectively. The note payable balance at December 31, 2000, was approximately $30,506,000.

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

	Unsecured Term Note	Secured Term Note	Total
2001	$ 72	$ 1,341	$ 1,413
2002	72	1,341	1,413
2003	72	1,341	1,413
2004	72	1,341	1,413
2005	72	1,341	1,413
Thereafter	882	23,801	24,683
	$1,242	$ 30,506	$ 31,748

The variable rate on both notes is equal to NCUSIF's prior-month yield on investments. The average interest rates during 2000 and 1999 were 5.95% and 5.52%, respectively. The interest rate at December 31, 2000, was 6.05%.

5. LEASE COMMITMENTS

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

Operating Leases - The Fund leases office space under lease agreements that expire through 2004. Office rental charges amounted to approximately $813,000 and $888,000 of which approximately $406,500 and $444,000 was reimbursed by NCUSIF for 2000 and 1999, respectively. In addition, the Fund leases office equipment under operating leases with lease terms of less than one year.

Capital Leases - The Fund leases computer equipment under lease agreements that expire through 2004.

The future minimum lease payments as of December 31, 2000, are as follows (in thousands):

	Operating Leases	Capital Leases
2001	$ 832	$ 1,843
2002	850	1,842
2003	524	481
2004	453	24
Total	$ 2,659	4,190
Less: Imputed interest		(330)
Present value of net minimum lease payments		$ 3,860

Based on the allocation factor approved by the NCUA Board for 2000, NCUSIF will 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). Both plans are defined benefit retirement plans covering all of the employees of the Fund. FERS is comprised of a Social Security Benefits Plan, a Basic Benefits Plan, and a Savings Plan. Contributions to the plans are based on a percentage of employees' gross pay. Under the Savings Plan, employees can also elect additional contributions between 1% and 10% of their gross pay, and the Fund will match up to 5% of the employees' gross pay. In 2000 and 1999, the Fund's contributions to the plans were approximately $9,460,000 and $8,304,000, respectively, of which approximately $4,730,000 and $4,152,000 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, 2000		December 31, 1999	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 9,923	$ 9,923	$12,695	$ 12,695
Due from NCUSIF	938	938	1,618	1,618
Employee advances	663	663	816	816
Other accounts receivable	153	153	258	258
Accounts payable	3,621	3,621	4,109	4,109
Obligation under capital lease	3,860	3,860	0	0
Notes payable to NCUSIF	31,748	31,748	33,161	33,161

8. CONTINGENCIES

Field of Membership Litigation - On December 17, 1998, NCUA's Board issued a final rule implementing the Credit Union Membership Access Act (CUMAA), which had amended the Federal Credit Union (FCU) Act. On January 18, 1999, a lawsuit was filed by the American Bankers Association (ABA), ABA v. NCUA, which challenged this rule on the premise that the rule violates the FCU Act, as modified by 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 filed a partial motion to dismiss on April 15, 1999. On March 30, 2000, the Court issued an opinion granting NCUA's Motion to Dismiss as to all counts except one of the ABA's amended complaint. That count has now been dismissed and a Notice of Appeal has been filed with the Court of Appeals. A briefing schedule has been issued. In the opinion of management, the ultimate resolution of this matter will not be material to NCUA's financial position.

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In one personnel action, NCUA reached a settlement in 2000, whereby it reimbursed certain legal fees and paid certain retirement benefits to a former employee. The estimated amount of the settlement, $361,000, was 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 these disputes, if any, will not be material to NCUA's financial position.

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NATIONAL CREDIT UNION ADMINISTRATION
CENTRAL LIQUIDITY FACILITY

BALANCE SHEETS
DECEMBER 31, 2000 AND 1999
(Dollars in Thousands)

ASSETS	2000	1999
Cash (Note 11)	$ 14	$ 977,248
Investments with U.S. Central Credit Union (Notes 5, 8, 9, and 11)	919,509	909,884
Loans to members (Notes 4 and 11)	-	58,600
Accrued interest receivable (Note 11)	12,968	16,436
TOTAL ASSETS	$ 932,491	$ 1,962,168

LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES:		
Federal Financing Bank notes payable (Notes 6 and 11)	$ -	$ 1,041,000
Member deposits (Notes 7 and 11)	28,807	28,020
Accounts payable and other liabilities (Note 11)	107	731
Total liabilities	28,914	1,069,751
MEMBERS' EQUITY:		
Capital stock - required (Note 7)	892,175	880,953
Retained earnings	11,402	11,464
Total members' equity	903,577	892,417
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 932,491	$ 1,962,168

See notes to financial statements.

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2000 AND 1999
(Dollars in Thousands)

	2000	1999
REVENUE - Investment income	$ 58,460	$ 50,021
EXPENSES (Note 10):		
Operating expenses:		
Group agent service fee	2	1
Personnel services	123	124
Other services	39	31
Rent, communications, and utilities	9	14
Personnel benefits	33	28
Supplies and materials	5	4
Employee travel	-	6
Printing and reproduction	4	6
Total operating expenses	215	214
Interest - Federal Financing Bank notes	1,743	5,862
Interest - member deposits	676	699
Total expenses	2,634	6,775
EXCESS OF REVENUE OVER EXPENSES	$ 55,826	$ 43,246

See notes to financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
CENTRAL LIQUIDITY FACILITY

STATEMENTS OF MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2000 AND 1999
(Dollars in Thousands)

	Capital Stock	Retained Earnings
BALANCE AT JANUARY 1, 1999	$ 768,298	$ 11,511
Issuance of required capital stock	113,124	-
Redemption of required capital stock	(469)	-
Dividends	-	(43,293)
Excess of revenue over expenses	-	43,246
BALANCE AT DECEMBER 31, 1999	880,953	11,464
Issuance of required capital stock	16,657	-
Redemption of required capital stock	(5,435)	-
Dividends	-	(55,888)
Excess of revenue over expenses	-	55,826
BALANCE AT DECEMBER 31, 2000	$ 892,175	$ 11,402

See notes to financial statements.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2000 AND 1999
(Dollars in Thousands)

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenses	$ 55,826	$ 43,246
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities:		
Decrease (increase) in accrued interest receivable	3,468	(8,203)
(Decrease) increase in accounts payable and other liabilities	(624)	672
Net cash provided by operating activities	58,670	35,715
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(9,625)	(112,479)
Loan principal repayment (disbursement)	58,600	(58,600)
Net cash provided by (used in) investing activities	48,975	(171,079)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Additions to member deposits	3,426	4,620
Issuance of required capital stock	16,657	113,124
Dividends	(55,888)	(43,293)
Withdrawal of member deposits	(2,639)	(2,382)
Redemption of required capital stock	(5,435)	(469)
(Repayment) proceeds from issuing notes	(1,041,000)	1,041,000
Net cash (used in) provided by financing activities	(1,084,879)	1,112,600
NET (DECREASE) INCREASE IN CASH	(977,234)	977,236
CASH, BEGINNING OF YEAR	977,248	12
CASH, END OF YEAR	$ 14	$ 977,248
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	$ 2,396	$ 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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's estimates.

3. GOVERNMENT REGULATIONS

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

At December 31, 2000 and 1999, the CLF was in compliance with its borrowing authority.

4. LOANS TO MEMBERS

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

There were no outstanding loan commitments at either December 31, 2000 and 1999 (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,	
	2000	1999
U.S. Central Credit Union (see Note 8):		
Redeposit Account	$ 849,810	$ 836,014
Share accounts	69,699	73,870
	$ 919,509	$ 909,884

6. BORROWING AUTHORITY

The Secretary of the Treasury is authorized by the Act to lend up to $500 million to the CLF in the event that the Board certifies to the Secretary that the CLF does not have sufficient funds to meet the liquidity needs of credit unions. This authority to lend is limited to such extent and in such amounts as are provided in advance by Congressional Appropriation Acts. On December 23, 1981, the President signed PL 97-101, which provided $100 million of permanent indefinite borrowing authority that may be provided by the Secretary of the Treasury to the CLF to meet emergency liquidity needs of credit unions. On May 21, 1999, the President signed a 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, 2000 and 1999, $849,810,000 and $836,014,000, 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, 2000 and 1999, approximately $919,509,000 and $909,884,000, respectively, were invested in USC share accounts at 5.92% and 5.67%, respective yields.

9. CONCENTRATION OF CREDIT RISK

At December 31, 2000 and 1999, the CLF has a concentration of credit risk for its investments on deposit with USC of approximately $919,509,000 and $909,884,000 (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, 2000 and 1999, amounted to approximately $213,000 for each year.

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, 2000		December 31, 1999	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	$ 14	$ 14	$ 977,248	$ 977,248
Investments	919,509	919,509	909,884	909,884
Loans to members	-	-	58,600	58,600
Accrued interest receivable	12,968	12,968	16,436	16,436
FFB notes payable	-	-	1,041,000	1,041,000
Member deposits	28,807	28,807	28,020	28,020
Accounts payable and other liabilities	107	107	731	731

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 provided for a commitment amount of $20.7 billion and expired 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	1991	1992	1993	1994	1995[1]	1996	1997	1998	1999	2000
Income (in thousands)										
Regular premium-federal	$26,174	$78,889	—	—	—	—	—	—	—	—
Regular premium-state	15,061	44,985	—	—	—	—	—	—	—	—
Interest income	162,979	148,659	$142,027	$147,564	$172,926	$184,715	$201,938	$217,965	$227,281	$268,169
Other income	3,195	5,512	4,223	2,258	2,147	2,148	2,151	2,033	1,850	1,952
Total income	**$207,409**	**$278,045**	**$146,250**	**$149,822**	**$175,073**	**$186,863**	**$204,089**	**$219,998**	**$229,131**	**$270,121**
Expenses (in thousands)										
Operating	$40,353	$46,161	$43,574	$44,132	$48,384	$47,220	$49,767	$51,071	$58,392	$65,898
Insurance losses	163,000	112,000	60,000	26,000	—	—	—	—	—	—
Losses on investment sales	—	—	—	—	—	—	—	—	—	—
Total expenses	**$203,353**	**$158,161**	**$103,574**	**$ 70,132**	**$48,384**	**$47,220**	**$49,767**	**$51,071**	**$58,392**	**$65,898**
Net Income (in thousands)	$4,056	$119,884	$42,676	$ 79,690	$126,690	$139,643	$154,322	$168,927	$170,739	$204,223
Data highlights										
Total equity (in thousands)	$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	$4,627,700
Equity as a percentage of shares in insured credit unions	1.23%	1.26%	1.26%	1.27%	1.30%	1.30%	1.30%	1.30%	1.30%	1.33%
Contingent liabilities (in thousands)	$6,734	$73,594	$1,334	$22	$375	$1,026	$933	$556	$1,281	$2,362
Contingent liabilities as a percentage of equity	0.3%	2.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NCUSIF loss per $1,000 of insured shares	$0.83	$0.51	$0.25	$0.10	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Operating ratios										
Premium income	19.9%	44.5%	—	—	—	—	—	—	—	—
Interest income	78.6%	53.5%	97.1%	98.5%	98.8%	98.8%	99.0%	99.1%	99.2%	99.3%
Other income	1.5%	2.0%	2.9%	1.5%	1.2%	1.1%	1.0%	.9%	.8%	.7%
Operating expenses	19.5%	16.6%	29.8%	29.5%	27.6%	25.3%	24.4%	23.2%	25.5%	24.4%
Insurance losses	78.6%	40.3%	41.0%	17.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total expenses	98.1%	56.9%	70.8%	46.8%	27.6%	25.3%	24.4%	23.2%	25.5%	24.4%
Net income	1.9%	43.1%	29.2%	53.2%	72.4%	74.7%	75.6%	76.8%	74.5%	75.6%
Involuntary liquidations commenced										
Number	89	81	54	29*	15	13	8	13	15	20
Share payouts (in thousands)	$117,710	$124,857	$57,303	$27,279*	$11,737	$1,028	$17,888	$6,298	$5,403	$10,393
Share payouts as a percentage of total insured shares	0.067%	0.057%	0.024%	0.011%	0.004%	0.000%	0.006%	0.002%	0.002%	.003%

*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	1991	1992	1993	1994	1995[2]	1996	1997	1998	1999	2000
Mergers—fiscal year										
Assisted	41	33	17	8*	7	6	8	5	8	9
Unassisted	357	352	328	423*	297	305	164	217	315	275
*INCLUDES 2 ASSISTED MERGERS AND 81 UNASSISTED MERGERS OCCURRING DURING TRANSISTION QUARTER										
Assistance to avoid liquidation (in thousands)										
Capital notes and other cash advances outstanding	$35,101	$101,228	$6,634	$2,673	$0	$265	$1,211	$1,466	$325	$146
Non-cash guaranty accounts	$179,595	$88,286	$16,587	$2,849	$1,134	$1,197	$1,343	$1,557	$4,516	$8,450
Number of active cases	51	27	15	7	9	12	7	12	16	17
Number of problem case insured credit unions (CODE 4 & 5)										
Number	685	608	474	319	267	286	326	308	338	202
Shares (millions)	$10,400	$7,400	$4,300	$2,430	$2,051	$1,759	$2,928	$3,181	$2,693	$1,483
Problem case shares as a percentage of insured shares	5.2%	3.4%	1.8%	.96%	.80%	.65%	.95%	.99%	.80%	.42%

December 31	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Shares in insured credit unions (in millions)[1]										
Federal credit unions	$127,316	$142,139	$149,229	$155,483	$164,582	$173,544	$178,953	$191,328	$194.766	$195,871
State credit unions	72,467	87,386	91,101	92,173	96,856	101,914	114,322	130,129	140.857	157,996
Total shares	**$199,783**	**$229,525**	**$240,330**	**$247,653**	**$261,438**	**$275,458**	**$293,275**	**$321,457**	**$335.623**	**$353,867**
Number of member accounts in insured credit unions (in thousands)										
Federal credit unions	57,077	58,366	60,746	78,835	78,245	77,243	73,566	72,848	73,466	74,125
State credit unions	33,646	34,749	36,459	44,203	55,740	41,841	45,690	49,130	52,787	57,397
Total	**90,723**	**93,115**	**97,205**	**123,038**	**133,985**	**119,084**	**119,256**	**121,978**	**126,253**	**131,522**
Number of insured credit unions										
Federal credit unions	8,229	7,916	7,696	7,498	7,329	7,152	6,981	6,815	6,566	6,336
State credit unions	4,731	4,737	4,621	4,493	4,358	4,240	4,257	4,180	4,062	3,980
Total	**12,960**	**12,653**	**12,317**	**11,991**	**11,687**	**11,392**	**11,238**	**10,995**	**10,628**	**10,316**
Shares in insured credit unions as a percentage of all credit union shares	96.2%	96.4%	98.0%	98.0%	99.0%	99.0%	99.0%	99.0%	94.0%	93.3%
State credit union portion of insured shares	36.3%	38.1%	37.9%	37.2%	37.1%	37.0%	40.0%	40.5%	42.0%	44.7%

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

federal credit union ten-year summary

Federal credit unions
December 31 (dollar amounts in millions)

December	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Number of credit unions	8,229	7,916	7,696	7,498	7,329	7,152	6,981	6,815	6,566	6,336
Number of members	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	43,883,106
Assets	$143,940	$162,544	$172,854	$182,529	$193,781	$206,692	$215,097	$231,904	$239,316	$242,881
Loans outstanding	84,150	87,633	94,640	110,090	120,514	134,120	140,100	144,849	155,172	163,851
Shares	130,164	146,078	153,506	160,226	170,300	180,964	187,817	202,651	207,614	210,188
Reserves[1]	5,539	6,176	6,976	7,616	8,351	9,092	9,371	9,837	10,314	10,837
Undivided earnings	5,338	6,793	8,338	9,584	11,445	13,087	14,365	15,468	16,546	17,279
Gross income	13,559	13,301	12,946	13,496	15,276	16,645	17,404	18,137	18,530	19,456
Operating expenses	5,068	5,329	5,578	5,964	6,468	7,246	7,793	8,241	8,551	8,721
Dividends	7,184	5,876	5,038	5,208	6,506	7,087	7,425	7,760	7,698	8,120
Reserve transfers	170	191	186	245	262	240	201	211	323	
Net income[2]	1,236	2,026	2,282	2,149	2,136	2,232	2,113	2,081	2,184	2,470
Percent change										
Total assets	10.7%	12.9%	6.3%	5.6%	6.2%	6.7%	4.1%	7.8%	3.2%	1.5%
Loans outstanding	1.3	4.1	8.0	16.3	9.5	11.3	4.5	3.4	7.1	5.6
Savings	10.4	12.2	5.1	4.4	6.3	6.3	3.8	7.9	2.4	1.2
Reserves[1]	7.4	11.5	13.0	9.2	9.7	9.3	3.1	5.0	4.8	5.1
Undivided earnings	16.2	27.3	22.7	14.9	19.4	14.2	9.8	7.7	7.0	4.4
Gross income	2.5	- 1.9	-2.7	4.2	13.2	9.0	4.6	4.2	2.2	5.0
Operating expenses	7.1	5.1	4.7	6.9	8.5	11.9	7.5	5.7	3.8	2.0
Dividends	- 2.6	-18.2	-14.3	3.4	24.9	8.7	4.8	4.5	-0.8	5.5
Net income[3]	11.2	63.9	12.6	-5.8	-0.6	4.5	-5.3	-1.5	5.0	13.1
Significant ratios										
Reserves to assets	3.8%	3.8%	4.0%	4.2%	4.3%	4.4%	4.4%	4.2%	4.3%	4.5%
Reserves and undivided earnings to assets	7.5	7.6	8.0	8.9	10.2	10.7	11.0	10.9	11.2	11.6
Reserves to loans	6.6	7.0	7.4	6.9	6.9	6.8	6.7	6.8	6.6	6.6
Loans to shares	64.6	60.0	61.7	68.7	70.8	74.1	74.6	71.5	74.7	78.0
Operating expenses to gross income	37.4	40.1	43.1	44.2	42.3	39.4	39.4	45.4	46.1	44.8
Salaries and benefits to gross income	15.7	17.4	19.4	20.2	19.2	19.2	19.3	19.7	20.5	20.2
Dividends to gross income	53.0	44.2	38.9	38.6	42.6	42.6	42.7	42.8	41.5	41.7
Yield on average assets	9.9	8.7	7.7	7.6	8.1	8.3	8.3	8.1	7.9	8.3
Cost of funds to average assets	5.3	3.9	3.1	3.0	3.5	3.6	3.6	3.5	3.3	3.5
Gross spread	4.6	4.8	4.6	4.6	4.6	4.7	4.7	4.6	4.6	4.8
Net income divided by gross income[2]	9.1	15.2	17.6	15.9	14.0	13.4	12.1	11.5	11.8	12.7
Yield on average loans	11.2	10.4	9.4	8.7	8.9	8.5	8.7	8.6	8.3	8.5
Yield on average investments[3]	7.0	5.5	4.6	5.1	5.6	6.0	5.9	5.7	5.3	6.4%

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

federally insured credit union ten-year summary

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

December	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Number of credit unions	4,731	4,737	4,621	4,493	4,358	4,240	4,257	4,180	4,062	3,980
Number of members	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	33,704,772
Assets	$ 83,133	$ 98,767	$104,316	$106,937	$112,861	$120,176	$136,107	$156,787	$172,086	$195,363
Loans outstanding	49,268	53,727	57,695	65,769	71,606	79,651	92,117	100,890	116,366	137,485
Shares	75,626	89,648	93,482	94,797	99,838	105,728	119,359	137,347	149,305	169,053
Reserves[1]	3,620	4,238	4,754	4,908	5,246	5,689	6,421	7,125	7,946	9,120
Undivided earnings	2,952	3,910	4,862	5,563	6,645	7,490	8,779	9,876	11,060	12,830
Gross income	7,878	8,182	7,878	7,955	8,932	9,736	11,124	12,309	13,413	15,714
Operating expenses	2,860	3,203	3,302	3,473	3,770	4,198	4,939	5,548	6,165	7,024
Dividends	4,203	3,664	3,109	3,145	3,889	3,367	3,790	4,229	4,315	5,256
Reserve transfers	98	121	114	144	147	143	138	161	190	
Net income[2]	711	1,207	1,347	1,146	1,095	1,154	1,237	1,262	1,376	1,859

Percent change

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total assets	22.0%	18.8%	5.6%	2.5%	5.5%	6.5%	13.2%	15.2%	9.7%	13.5%
Loans outstanding	11.7	9.1	7.4	14.0	8.9	11.2	15.6	9.5	15.3	18.1
Savings	21.8	18.5	4.3	1.4	5.3	5.9	12.9	15.1	8.7	13.2
Reserves[1]	18.8	17.1	12.2	3.2	6.9	8.5	12.9	10.9	11.5	14.8
Undivided earnings	31.7	32.5	24.3	14.4	19.4	12.4	17.2	12.5	12.0	16.0
Gross income	13.1	3.9	-3.7	1.0	12.3	9.0	14.3	10.6	9.0	17.2
Operating expenses	18.6	12.0	3.1	5.2	8.6	11.4	17.7	12.3	11.1	13.9
Dividends	7.5	-12.8	-15.1	1.2	23.7	-13.4	12.6	11.6	2.0	21.8
Net income[2]	24.3	63.7	12.5	-11.8	-3.7	4.6	6.4	3.1	10.0	18.7

Significant ratios

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Reserves to assets	4.4%	4.3%	4.6%	4.6%	4.6%	4.7%	4.7%	4.5%	4.6%	4.7%
Reserves and undivided earnings to assets	7.9	8.2	9.2	9.8	10.5	11.0	11.2	10.8	11.0	11.2
Reserves to loans	7.3	7.9	8.2	7.5	7.3	7.1	7.0	7.1	6.8	6.6
Loans to shares	65.1	59.9	61.7	69.4	71.7	75.3	77.2	73.5	77.9	81.3
Operating expenses to gross income	36.3	39.1	41.9	43.7	42.2	39.1	39.5	45.1	46.0	44.7
Salaries and benefits to gross income	15.4	16.9	19.0	20.0	19.1	18.8	19.0	19.4	20.2	19.9
Dividends to gross income	53.4	44.8	39.5	39.5	43.5	35.0	34.1	34.3	32.2	33.4
Yield on average assets	10.4	9.0	7.8	7.5	8.1	8.4	8.7	8.4	8.2	8.3
Cost of funds to average assets	5.6	4.1	3.1	3.0	3.5	3.6	3.8	3.7	3.5	3.6
Gross spread	4.6	4.6	4.7	4.5	4.6	4.7	4.9	4.7	4.7	4.7
Net income divided by gross income[2]	9.0	14.8	17.1	14.4	12.3	11.9	11.1	10.3	10.3	11.8
Yield on average loans	11.8	10.8	9.5	8.6	8.9	8.4	9.1	8.8	8.4	8.5
Yield on average investments[3]	7.4	5.7	4.7	4.9	5.6	6.0	6.1	5.8	5.4	6.3

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

historical data, federal credit unions

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

Year	Charters issued	Charters cancelled	Net change	Total outstanding	Inactive credit unions	Active credit unions	Members	(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 2000

Year	Charters issued	Charters cancelled	Net change	Total outstanding	Inactive credit unions	Active credit unions	Members	(Amounts in thousands of dollars) 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
2000	12	235	-223	6,343	7	6,336	43,883,106	242,881,164	210,187,670	163,850,918

board and officers

Dennis Dollar
Acting Chairman

Yolanda Townsend Wheat
Board Member

Geoff Bacino
Board Member

J. Leonard Skiles
Executive Director

Rebecca J. Baker
Secretary of the Board

Kirk Cuevas
Executive Assistant to the Chairman

Margaret Broadaway
Executive Assistant to Board Member Wheat

Michael McKenna
Executive Assistant to Board Member Bacino

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

Sherry Turpenoff
Director, Office of Human Resources

Anthony LaCreta
Acting 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

Herbert S. Yolles
President, Central Liquidity Facility

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

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

Board Member Yolanda Townsend Wheat is an attorney from California who specialized in banking and corporate law. President Clinton appointed her to the NCUA board in April 1996. Mrs. Wheat served a brief stint as NCUA chairwoman in early 2001. Her term expires August 2, 2001.

Board Member Geoff Bacino was president of Bacino and Associates, a lobbying and public relations firm in Alexandria, Va., when appointed to the NCUA Board. A long-time credit union advocate, Mr. Bacino is a recess appointee sworn into office January 2, 2001. His term expires at the conclusion of the first session of the 107th Congress unless confirmed by the Senate.

field officers

Regional directors in 2000 were from the left J. Leonard Skiles, Region V; Robert Blatner, Region VI; Tawana Y. James, Region II; Melinda Love, Region IV; Alonzo A. Swann III, Region III; and Layne Bumgardner, Region I.

Region I — Albany

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region1@ncua.gov

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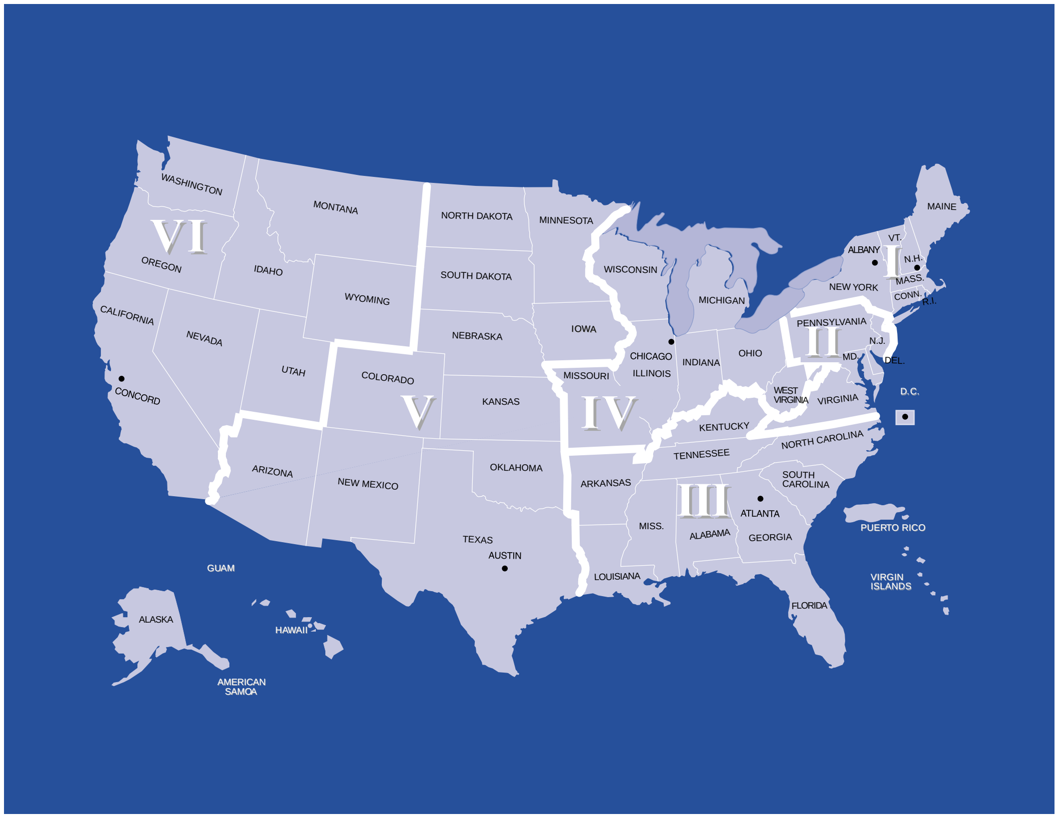
Information

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

NCUA regional office boundaries



National Credit Union
Administration
Alexandria, VA 22314-3428

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