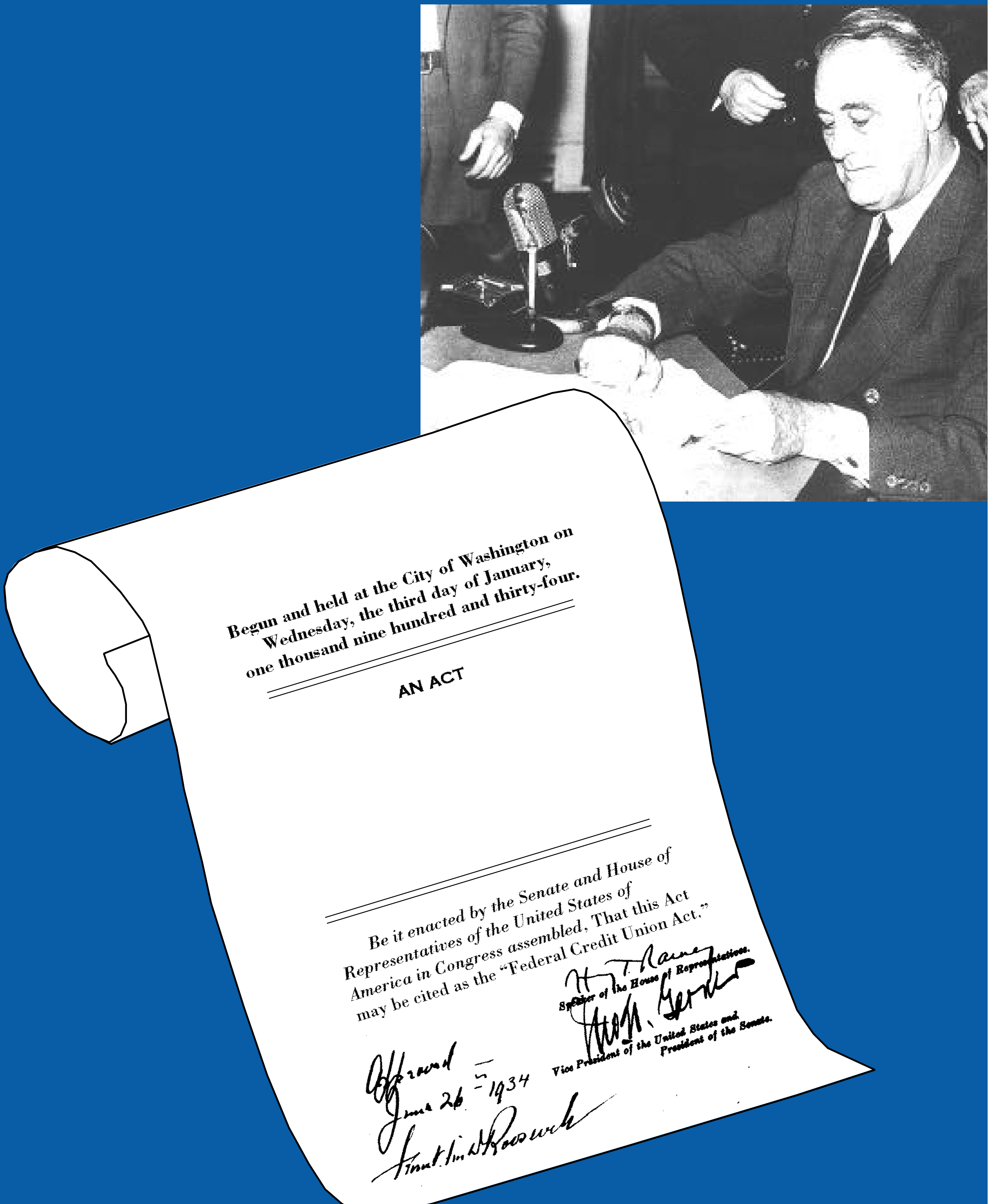
National Credit Union Administration

1995 Annual Report



FINANCIAL HIGHLIGHTS 1995

NCUA Operating Fund	
Operating fee revenue	$44.3 million
Other income	1.9 million
Total revenue	46.2 million
Expense budget	92.7 million
Actual expenses	88.3 million
Expenses transferred to Share Insurance Fund	44.2 million
Operating Fund expenses	44.1 million
Net income	2.1 million
Operating Fund balance	9.1 million
National Credit Union Share Insurance Fund	
Total revenue	$ 175.1 million
Operating expenses	48.4 million
Insurance loss expense	0.0 million
Net income	126.7 million
Reserve for losses	89.7 million
Fund balance	3.3 billion
Equity ratio (fund balance as percentage of insured deposits)	1.30 percent
Central Liquidity Facility	
Net income	$ 38.5 million
Dividends paid	38.5 million
Total assets	710.5 million
Retained earnings	11.5 million
Capital stock	683.7 million
Federally Insured Credit Unions	
Number of credit unions	11,687
Total assets	$306.6 billion
Total Insured Shares	262.4 billion
Total Loans	192.1 billion
Capital to assets	11.0 percent
Share growth	5.9 percent
Ratio of loans to shares	71.1 percent
Delinquency ratio	1.0 percent
Net income growth (before reserve transfers)	-1.0 percent

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The National Credit Union Administration is an independent federal agency that supervises and insures 7,329 federal credit unions and insures 4,358 state-chartered credit unions. It is entirely funded by credit unions and receives no tax dollars.

This 1995 NCUA Annual Report is NCUA's official report to the President and Congress of the United States. This report includes the financial statements of the NCUA Operating Fund, the National Credit Union Share Insurance Fund, and the National Credit Union Central Liquidity Facility.

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Although 1995 presented challenges for the NCUA and the credit union movement, it was an outstanding year. Foremost on the list of accomplishments was the $103.9 million dividend a well-capitalized National Credit Union Share Insurance Fund returned to credit unions. It symbolized the health of the movement and the commitment of these financial cooperatives to providing quality products and services.

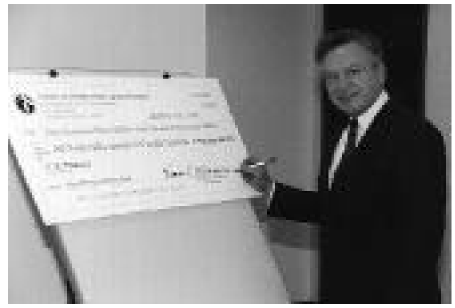
But 1995 was important for another development critical to millions of Americans across the nation. Many more credit unions are helping the less-advantaged among us, those in financially underserved inner cities and rural communities across this country; people who often struggle to obtain the financial means to provide for their families and their futures.

The Federal Credit Union Act calls for these financial cooperatives to make more credit available to "people of small means." For 25 years, the NCUA has

CHAIRMAN'S STATEMENT

been charged with overseeing this social mission, which I have adopted as a guiding principle during my first two years as NCUA Chairman.

The credit union movement, however, acknowledges that there are millions of people in this country today who face language, cultural, geographical, and educational barriers that prevent them from accessing basic lifeline financial services at reasonable costs. The movement is committed to fulfilling this need, and NCUA is taking meaningful, concrete steps to help this effort as much as we can within the parameters of safety and soundness.



Norman E. D'Amours

During 1995, I held a number of town meetings and visited underserved areas to witness the types of assistance credit unions provide to their communities. I talked to numerous credit union employees who recounted their members' previous difficulties in obtaining low-cost financial services.

I learned about the problems and concerns of those on the firing line, and was able to relay the NCUA Board's support of their commitment to help empower all Americans.

To this end, I was pleased to announce in October 1995 that NCUA, with the cooperation and assistance of the credit union movement, had begun planning what we hope will be a breakthrough conference in Chicago, Illinois, August 9-11, 1996. We will bring together credit unions of all sizes to explore ways they can individually better serve the underserved in their communities by sharing their experiences with each other.

We are grateful for the valuable input we received from a group of credit union managers and directors who share our concern for advancing credit union ideals, and I am proud to lead this effort as NCUA's chairman.

The hard work of the credit union community and NCUA's staff make it possible for this agency to positively affect the lives of millions of Americans everyday.

At the close of 1995, the government was “partially shutdown” due to a difference of opinion between Congress and the President on achieving a balanced budget. At NCUA, however, it was business as usual — no furloughs, no shutdowns. NCUA could continue operating because we are funded not by the taxpayers of this country, but by the credit union system to perform a service for that system. This situation clearly defines the covenant that exists between NCUA and the credit union system and why NCUA exists.

Early credit union activists recognized the need to protect the unique nature of credit unions and to ensure that a distinction was made between banks and credit unions. Their concern and their legislative efforts resulted in the Federal Credit Union Act in 1934. In 1970, similar efforts brought about a separate agency and federal insurance. Congress and the credit union system look to NCUA to regulate and examine individual credit unions to ensure safety and soundness of the entire system; so that the system can continue the unique work envisioned by those early pioneers.

Shirlee P. Bowné
Vice Chairman

The numbers posted by credit unions in 1995 show that the system is doing an outstanding job and our goal at NCUA is to continue to support the system as it goes forward.

BOARD STATEMENTS

During 1995, the credit union movement faced many difficult challenges. From the demise of Capital Corporate Federal Credit Union to the revision of NCUA regulations, 1995 was an interesting year.

There were differences of opinions on how various problems should be addressed. Disagreements existed about the appropriate way to regulate credit unions. We saw conflict expressed in the courts and in Congress.

Despite the turmoil of the past year, the credit union movement is in better shape than it has ever been. The insurance fund is in strong condition and losses have been minimal. The number of troubled credit unions is down, while their overall financial strength is excellent. More Americans than ever before are being served by credit unions.

Robert H. Swan
Member of the Board

I have appreciated the opportunity to serve the credit union movement as a member of the NCUA Board. My commitment to credit unions will continue. I look forward to an on-going relationship with those who share their time and services in an unselfish manner. Whether volunteer or professional, I appreciate your efforts and thank you for your service.

The agency undertook the critical step in 1995 of completely changing the work environment for NCUA examiners by developing a state-of-the-art examination system that had the four bank and thrift regulatory agencies inquiring about how they can adapt the technology to their programs. NCUA gave several demonstrations of the new Automated Integrated Regulatory Examination System (AIRES) during 1995 to enthusiastic audiences of NCUA and state credit union examiners, credit union officials, and the staffs of the banking and thrift agencies.

AIRES, which moved from the test phase into implementation in October 1995, was designed to save examiners valuable hours on the most time consuming areas of an exam so that more time can be spent reviewing critical areas and having discussions with credit union management. Our examiners report that AIRES is allowing them to produce better quality supervisory examinations and thus improve their relationship with credit unions.

NCUA ADMINISTRATION

This massive project is now moving toward full implementation because of the cooperation, dedication, and willingness of the NCUA Board, and the staffs of several NCUA departments to try new things.

Meanwhile, the reorganization of NCUA that was initiated in 1994 paid solid results in 1995 and enabled the agency to reduce its planned 1996 operating fee assessments on federal credit unions by 6.6 percent, the third consecutive year the fee has been lowered.

Additionally, the NCUA Board voted in November to eliminate all future fee assessments on federal credit unions under $500,000 in assets and to drop the fee to $100 for credit unions between

Deputy Executive Director Kent Buckham (left) and Executive Director Karl Hoyle

$500,000 and $750,000. A total of 1,086 small credit unions will benefit from this change.

As part of our emphasis on continuously improving the training of our examination staff and supervision programs, resources were also allocated toward equipping each of the six regions with an on-site investment specialist and Bloomberg investment terminals. This move will ensure that the regions will be better able to assess the investment risks of credit unions and provide them with expert guidance in the areas of portfolio and liability management. The Office of Investment Services, created under the 1994 reorganization, will continue to provide valuable input to the regions and central office staff in the area of supervision policy. The office has been overseeing the simulation modeling of programs at seven corporate credit unions. The project's results will be used in preparing proposed and final regulations regarding the investments of corporate credit unions.

The Office of Training and Development also conducted an extensive evaluation of the agency's internal training curriculum for examiners and staff during 1995 and will continue implementing several recommendations early in 1996 to update the curriculum.

All of these efforts combined to improve NCUA's operations and its service to the credit union system, and to the 66 million members across the country who depend on credit union services each day.

CONGRESSIONAL ACTION

Prompted by the failure of Capital Corporate Federal Credit Union, both the House and Senate Banking Committees held hearings early in the new Republican-led 104th Congress. Chairman Norman E. D'Amours was the lead witness at each of these hearings followed by the General Accounting Office, industry representatives and academicians.

The hearings in the Senate Banking Committee sparked an intense review of not only corporate investment activities but the current and potential investment and lending activities of natural person credit unions, particularly state vs. federally chartered institutions. Following this review and tracking past efforts by the committee and GAO recommendations, the Banking Committee Chairman Alfonse D'Amato (R-NY) and Ranking Member Paul Sarbanes (D-MD) introduced legislation (S. 883) to enhance the safety and soundness of federally insured credit unions. NCUA supports the bill.

Senator Phil Gramm (R-TX) introduced legislation (S. 771) to expand the NCUA Board by two seats with one seat reserved for a state credit union regulator. Congressman Bob Barr (R-GA) introduced the same bill (H.R. 1998) in the House. NCUA strongly opposes expanding and/or changing the composition of the agency's Board. A similar attempt (to change the composition) was proposed by the Treasury Department in 1991. This measure, in the form of an amendment, was defeated in a House Banking Committee markup. There was united credit union opposition to that proposal.

NCUA worked successfully to keep credit unions out of any scheme to help pay off FICO bonds — the first mechanism (1987) to provide funding for failed thrifts. While banking groups made appeals to include credit unions, only FDIC insured financial institutions became part of a House and Senate passed legislative solution. NCUA also supported a number of regulatory relief provisions which passed one or both houses of Congress.

Included in House Banking Committee passed legislation (H.R. 1858) are provisions 1) exempting small nonautomated credit unions from Truth-in-Savings, and 2) increasing the amount of aggregate loans a credit union official may borrow from his or her credit union with board approval. The Truth-in-Savings exemption was also included in a Senate Banking Committee passed bill (S.650). NCUA actively supported these provisions to provide relief for credit unions. A number of other regulatory relief provisions affecting all financial institutions are included in these bills.

In the waning days of the first session of the 104th Congress, President Bill Clinton nominated Ms. Yolanda Wheat to the NCUA Board to fill the seat of Mr. Robert Swan whose term expired in August 1995.

Yolanda Wheat
NCUA Board nominee

Two historic developments occurred 25 years ago that have helped America's credit unions succeed and prosper, making it possible for millions of Americans to shape their own financial futures.

In 1970 Congress approved and President Richard M. Nixon signed Public Law 91-206, creating the National Credit Union Administration as an independent agency. That same year, the President also signed Public Law 91-468 to establish the National Credit Union Share Insurance Fund (NCUSIF) as the safety net for the nation's credit unions.

Both NCUA and the NCUSIF have grown since then, providing stability even during the most difficult of times—a testament to the soundness of the credit union system and the integrity and effectiveness of the men and women charged with the Fund's operation.

The NCUSIF completed the best year in its history in 1995 with no net insurance losses and $90 million in reserves. Not a single dollar of taxpayers' money has gone into funding or sustaining the credit union fund. The 22 credit union failures in 1995 were the lowest ever, besting the previous record of 33 in 1994.

The early going, however, was difficult. The financial instabilities of the late 1970s and early 1980s, caused by high inflation, growing interest rates, and high unemployment, brought high insurance losses. The balance of the NCUSIF fell. Then, a new law urged by NCUA took effect in 1985. It required federally insured credit unions to deposit and maintain one percent of their insured shares in the fund, thus creating a "fail-safe" insurance plan.

President Richard Nixon, who signed the legislation that established NCUA as an independent agency and formed the National Credit Union Share Insurance Fund in 1970, meets with left to right NCUA Administrator Herman Nickerson, Jr. and NCUA Advisory Board Members Richard Grant and Marion Gregory.

25th ANNIVERSARY YEAR

President Bill Clinton signs into law the Riegle Community Development and Regulatory Improvement Act September 23, 1994. NCUA Chairman Norman D'Amours attended the signing ceremony.

On January 21, 1985, while President Ronald Reagan's inaugural parade was canceled because of the bitter cold, an NCUA employee sat in the lobby of a locked NCUA building and collected

President Lyndon Johnson signs the legislation in 1975 extending the maximum maturity on secured loans from five to ten years for federal credit unions.

checks totaling $780 million from the over 15,000 credit unions who had expressed their deposits by courier. In one day, the NCUSIF became the best capitalized government insurance fund.

In October 1995, the NCUA Board authorized the first dividend in 10 years paid from the Fund to credit unions. The 11,836 credit unions received dividend checks totaling $103.9 million, or 4.25

President John F. Kennedy signs amendments to the Federal Credit Union Act on International Credit Union Day, October 17, 1963. On the far left is J. D. Gannon, Administrator of the Bureau of Federal Credit Unions, NCUA's predecessor.

percent of their 1 percent capitalization deposit. The board also voted to waive collecting an insurance premium for 1996, saving credit unions an additional $220 million.

Today NCUA's goal remains to ensure that the strength of the NCUSIF, the stability of credit unions, and the confidence of their members are not impaired.

President Ronald Reagan meets with left to right NAFCU Board members Vice-Admiral Vincent Lascara and B. J. "Buck" Rogers.

RULES AND REGULATIONS

One of last year's major issues was the new Truth in Savings law. With the exception of small, nonautomated credit unions, credit unions were in full compliance by the January 1, 1995, effective date. Congress is considering a proposal to reduce regulatory burden on financial institutions by scaling back the requirements imposed by the Truth in Savings Act as well as a complete exemption for small, nonautomated credit unions. Thus, the Board has again extended the effective date for nonautomated credit unions with $2 million or less in assets until January 1, 1997.

Several important new rules reduce regulatory burdens and give credit unions the ability to increase loan demands. The Board approved a final rule permitting credit unions to create incentive programs for employees that help generate new loans. The rule requires the credit union's board to adopt safe and sound incentive policies and prohibits fees to certain management officials.

The Board also adopted a rule which will expand credit union flexibility to sell participation interests in their loans to other credit unions either before or after the loan has been disbursed. Under the prior loan participation rule, credit unions could only agree to participate in a loan prior to its disbursement.

The new rule will give credit unions an option to invest in the quality loans of other credit unions as opposed to being restricted to the securities market. It will also allow credit unions to better manage liquidity.

The Board issued a final rule to amend the regulations regarding real estate appraisals. The Board reduced from 13 to 5 the minimum appraisal standards and gave credit unions the ability to reduce closing costs by expanding instances where they can forgo a new appraisal in certain refinancing agreements. In other areas involving real estate lending, the Board, along with the other financial regulatory agencies, proposed new regulations governing the purchase of flood insurance to ensure that credit unions are not exposed to potential devastating losses as a result of flood insurance coverage which has lapsed.

The Board also issued a proposed rule governing the investment and deposit activities of natural person credit unions. The proposed rule clarifies a number of areas, adds restrictions on some securities found to be too risky for credit unions, broadens authority in certain areas, and requires that a credit union's staff and board of directors fully understand the potential risk characteristics of its investment options.

ENFORCEMENT, LITIGATION

In 1989, Congress greatly enhanced NCUA's enforcement powers contained in the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989.

While enforcement actions have increased dramatically overall since the passage of FIRREA, the need for such steps against credit unions continues to be rare. This is due primarily to the generally safe and sound operation of the nation's credit unions and NCUA's enhanced supervision and examination program.

In 1995, NCUA enforcement actions dropped slightly—from 51 actions in 1994 to 45 in 1995. NCUA's enforcement powers include removal and prohibition of institution-affiliated parties, cease and desist orders, civil money penalties, and termination of insurance.

During 1995, NCUA collected two money penalties, removed or prohibited 42 institution affiliated parties, and issued one cease and desist order. Six credit unions were placed into conservatorship, compared to five in 1994.

With respect to other litigation, 1995 was a significant year.

NCUA is the defendant in several lawsuits brought by banks challenging the agency's field of membership decisions and three significant rulings were issued in these cases.

In March 1995, the U.S. District Court in Montana agreed with NCUA that the six-year federal statute of limitations bars banks from challenging field of membership charter amendments approved prior to that period of time.

Then, in May, the U.S. District Court for the District of Columbia upheld NCUA's policy allowing multiple group SEG's, each having its own common bond, to combine within a single field of membership. But the Court also ruled against the addition of senior citizen/retiree groups, holding that it violated Section 109 of the FCU Act.

Finally, on August 28, the U.S. District Court in Tennessee ruled in NCUA's favor, holding that the Federal Credit Union Act was ambiguous, and that courts were required to defer to the NCUA's interpretation.

In September, another significant decision was rendered in NCUA's favor.

The United States District Court for the Eastern District of Virginia upheld a challenge to the agency's corporate interlocks rule, which reduces the integration between corporates and state credit union leagues.

CUNA, NASCUS, and several other parties argued that the rule was an illegal attempt to regulate state-chartered corporates. They contended there was no evidence to show that the rule was necessary to assure the safe and sound operation of corporate credit unions.

The Court found that NCUA had ample factual basis to conclude that the rule was necessary, that the agency had acted within the scope of its authority, and that NCUA did not act in an arbitrary and capricious manner. NASCUS has appealed the case to the U.S. Court of Appeals for the Fourth Circuit.

LOW-INCOME CREDIT UNIONS

NCUA took steps in 1994 and 1995 to encourage the chartering and growth of low-income credit unions. Credit unions nationwide responded positively to that initiative during 1995. The Office of Community Development Credit Unions (OCDCU) has provided support to regions and credit unions in their efforts to bring financial services to underserved individuals and communities.

At year end, there were 264 low-income designated credit unions serving 478,931 members. As a result of NCUA's low-income initiatives implemented in July 1994, an additional 603,776 potential low-income individuals have credit union services available.

Low-income designated credit unions had average assets of $4,024,919. Average net capital was 9.5%. The loan delinquency and net charge-off ratios were 2.4% and 0.5%, respectively. Net income averaged 0.8% after required reserve transfers. These ratios demonstrate the continued strength and viability of these credit unions, and is a testament to their successful ability to serve this diverse group.

The OCDCU also has the responsibility of administering the Community Development Revolving Loan Program (CDRLP). Over the past year, loan funds have been disbursed to qualifying low-income designated credit unions in the amount of $1.5 million and technical assistance grants in the amount of $120,000. These funds have helped provide the delivery of financial services to underserved communities.

During 1995, Chairman D'Amours visited with officials and staff of several low-income designated credit unions in New York, Texas, and California. These visits provided credit unions an open forum to discuss the regulatory issues confronting them in their efforts to deliver financial services to their predominately low-income memberships.

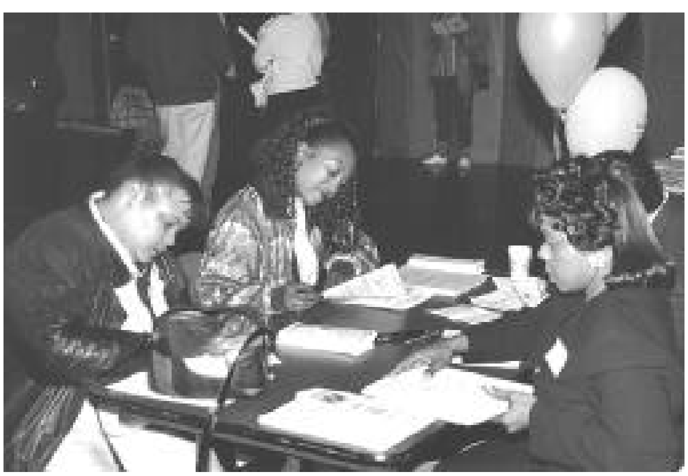
August 9-11, 1996, NCUA and the credit union community will sponsor a conference on "Serving the Underserved". The conference is to facilitate and encourage credit union efforts to improve and expand the availability of personal financial services to the "underserved." The conference will focus on providing credit unions with ways to make personal financial services available to the entire membership, expand membership opportunities to additional individuals and communities, and create new credit unions to make needed financial services available to those underserved or not served at all.

August 15, 1995 — Chairman Norman E. D'Amours (center right) helps break ground for LaJoya Teachers FCU, TX, new headquarters. The Chairman visited 6 of the 44 limited-income credit unions in Texas during a two-day visit in mid-August.

October 11 & 12, 1995 — Acting Community Development Credit Union Director Joyce Jackson (right) speaks to a board member of South Central Peoples FCU, Los Angeles, and Manager Angela Hicks (center). Jackson accompanied Chairman D'Amours on visits to several low-income credit unions during a two-day stay in California. Nearly 100 credit union officials attended a town meeting the Chairman hosted in Los Angeles October 12.

November 11, 1995 — Congresswoman Louise Slaughter (second from left) at the grand opening for Progressive Neighborhood FCU, Rochester, NY. Below, new members join the credit union on opening day.

LOW-INCOME CREDIT UNIONS



May 5, 1995 — Waldo Community Development Credit Union, Belfast, Maine, holds a grand opening, marking the first credit union chartered in Maine in nearly 20 years.

ASSET LIQUIDATION MANAGEMENT CENTER

Since its inception in 1988 and since the combination of the liquidation activity in 1990, the Asset Liquidation Management Center has recovered in excess of $416.7 million at a historic cost to recovery ratio of 12.3 percent. ALMC has been responsible for 166 involuntary liquidations, 171 purchases and assumptions, 9 voluntary liquidations, and asset purchases from 2 cases with 208 assistance (special assistance to avoid liquidation). These actions have resulted in the payment of 139,605 share accounts totaling $331.5 million. Although ALMC has managed a number of large cases, the largest was the management of the conservatorship, purchase and assumption, and the ultimate voluntary liquidation of Capital Corporate Federal Credit Union with assets of $1.6 billion. These actions occurred in 1995.

ALMC's workload is considerably broader than liquidations and recovery on assets. ALMC staff has expended significant resources on non-liquidation matters in each of NCUA's regions. Historically, ALMC assists with the review of large complex loan portfolios and actual or potential bond claims. More recently, ALMC staff participated extensively in the operational phases of conservatorships and records reconstruction.

As the general condition of credit unions continued to improve in 1995, the number of involuntary liquidations continued to decline. During the year, 22 credit unions were placed into involuntary liquidation. In addition, ALMC was responsible for portions of 6 new purchases and assumptions and 2 voluntary liquidations. At the end of the year, 74 credit unions were in the process of liquidation.

Real estate assets are acquired as real estate owned or as loans. Real estate loans, performing and non-performing, are sold in bulk, repaid or settled with the borrower, or foreclosed and converted to real estate owned.

The net book value of real estate assets managed has declined from the October 1991 peak of $98.9 million. (The actual number of assets managed peaked at 1,243 in June 1993.) Since 1991, assets of over $200 million have been liquidated. Dispositions are through sales of individual assets and bulk sales. Currently, real estate assets with net values of $19.3 million are being managed.

To some degree, staffing, office facilities, and other costs fluctuate according to workload. ALMC can quickly expand and contract based on liquidations and other workload demands. The overall objective is that as recoveries decline, the costs associated with recoveries must also be reduced. In 1995, a cost to recovery ratio of 11.74 percent was achieved.

CORPORATE CREDIT UNIONS

NCUA continued its focus on the corporate credit union system during 1995. The centralized supervision afforded by the creation of the separate Office of Corporate Credit Unions has allowed for a more consistent approach in addressing such material issues as capital accumulation and asset liability management.

NCUA's efforts appear to be working. There is significantly less risk in the investment portfolios of corporates than there was just one year ago. This is attributed to actions taken by corporates to restructure their portfolios, as well as to more favorable interest rate movements. While initial CAMEL ratings of a number of corporate credit unions went down as a result of the more stringent examinations, many of these same corporates have made significant progress in the past 12 months so that CAMEL ratings are now rising.

During the past year, the Office of Corporate Credit Unions has reduced the average number of days for completion of examinations by 50 percent through improved scheduling and the utilization of more examiners. Shorter examination durations have resulted in corporates receiving more timely information and enabling their officials to implement more prompt corrective actions. Corporate credit union examiners will be provided ongoing intensive training in order to keep pace with the changes in the financial industry.

In April of 1995, the NCUA Board issued for public comment a proposed revision to the corporate credit union regulations. The agency received more comment letters on this issue than for any other proposed regulation in its history. Additionally, focus group meetings were held with representatives of corporate credit unions, natural person credit unions, and trade associations to ensure all parties ample opportunity for input. A revised proposal will be issued for public comment, and a final regulation is expected to be adopted in 1996.

The Office of Corporate Credit Unions is monitoring corporate credit union compliance with the new regulation which restricts interlocking boards of directors between corporates and credit union trade associations. This regulation created a great deal of controversy in the credit union industry. NCUA remained steadfast in its position that interlocked boards of directors created the perception of an inappropriate relationship between corporates and the trade groups. All corporate credit unions will meet the requirements of the regulation during 1996.

H. Allen Carver
Director
Office of Corporate Credit Unions

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

	1991	1992	1993	1994	1995
Number	33	35	37	39	37
Assets	$ 31,014.8	$ 37,823.7	$ 39,058.8	$ 34,307.8	$31,912.6
Loans	1,172.8	1,159.2	1,199.2	1,686.6	293.5
Shares	25,856.9	31,891.2	31,392.4	27,566.6	27,537.0
Reserves	315.1	412.2	466.8	598.1	602.2
Undivided earnings	120.1	159.7	191.2	224.3	253.7
Gross income	1,928.3	1,746.7	2,268.2	1,830.6	1,860.3
Operating expenses	70.6	79.81	97.8	113.6	118.4
Interest on borrowing	285.5	238.61	334.8	280.2	209.0
Dividends and interest on deposits	1,457.6	1,291.61	1,674.2	1,332.2	1,469.2
Reserve transfers	27.8	45.01	61.5	32.8	16.2
Net income	32.5	74.2	99.9	62.8	47.5

Dollar amounts do not include U. S. Central

SIGNIFICANT RATIOS					
Reserves to assets	1.0%	1.1%	1.2%	1.7%	1.9%
Reserves and undivided earnings to assets	1.4	1.5	1.7	2.5	2.7
Operating expenses to gross income	3.7	4.6	4.3	6.2	6.4
Yield on assets	6.8	5.1	5.9	5.3	5.7
Cost of funds to assets	6.2	4.4	5.2	4.5	4.6
Gross spread	0.6	0.6	0.7	.8	1.1

Ratios do not include U. S. Central

CORPORATE CREDIT UNIONS

FEDERAL CORPORATE CREDIT UNIONS
DECEMBER 31, 1995

CORPORATE NAME	CITY, STATE	ASSETS (in millions)
Eastern Corporate	Woburn, Massachusetts	$630.7
Empire Corporate	Albany, New York	1,428.1
Indiana Corporate	Indianapolis, Indiana	919.3
Kentucky Corporate	Louisville, Kentucky	174.8
LICU Corporate	Endicott, New York	4.8
Mid-Atlantic Corporate	Harrisburg, Pennsylvania	1,372.5
Mid-States Corporate	Naperville, Illinois	1,356.1
Nebraska Corporate	Omaha, Nebraska	89.8
Pacific Corporate	Honolulu, Hawaii	261.5
Rhode Island Corporate	Warwick, Rhode Island	144.5
South Dakota Corporate	Sioux Falls, South Dakota	51.5
Southeast Corporate	Tallahassee, Florida	1,300.5
Southwest Corporate	Dallas, Texas	3,152.1
Tricorp Corporate	Westbrook, Maine	243.1
Virginia League Corporate	Lynchburg, Virginia	526.3
Western Corporate	Pomona, California	11,932.9
Total		**$ 23,588.5**

FEDERALLY INSURED STATE CORPORATE CREDIT UNIONS
DECEMBER 31, 1995

CORPORATE NAME	CITY, STATE	ASSETS (in millions)
Alabama Corporate	Birmingham, Alabama	$293.5
Arizona Corporate	Phoenix, Arizona	362.3
Central Credit Union Fund	Worcester, Massachusetts	150.7
Central Corporate	Southfield, Michigan	1,540.1
Constitution State	Wallingford, Connecticut	759.5
Corporate Central	Salt Lake City, Utah	236.7
Corporate One	Columbus, Ohio	821.8
First Carolina Corporate	Greensboro, North Carolina	581.6
Georgia Central	Duluth, Georgia	543.4
Idaho Corporate	Boise, Idaho	99.8
Iowa League Corporate	Des Moines, Iowa	204.5
Kansas Corporate	Wichita, Kansas	217.8
Louisiana Corporate	New Orleans, Louisiana	71.6
Minnesota Corporate	St. Paul, Minnesota	315.2
Oklahoma Corporate	Tulsa, Oklahoma	350.4
Oregon Corporate Central	Beaverton, Oregon	369.0
System United Corporate	Arvada, Colorado	585.6
Volunteer Corporate	Brentwood, Tennessee	440.3
Washington Corporate	Redmond, Washington	257.7
West Virginia	Parkersburg, West Virginia	122.6
Total		**$ 8,324.1**

NONFEDERALLY INSURED CORPORATE CREDIT UNIONS
DECEMBER 31, 1995

CORPORATE NAME	CITY, STATE	ASSETS (in millions)
Garden State Corporate	Hightstown, New Jersey	$446.8
Missouri League Corporate	St. Louis, Missouri	577.4
North Dakota Corporate	Bismarck, North Dakota	114.1
Treasure State Corporate	Helena, Montana	121.3
Wisconsin Corporate	Hales Corners, Wisconsin	636.1
Total		**$1,895.7**
Total for All Corporates		**$33,808.3**
(Excluding U.S. Central)		
U.S. Central Credit Union	Overland Park, Kansas	$19,303.9

CENTRAL LIQUIDITY FACILITY

The Central Liquidity Facility has completed its first full year since it was reorganized and streamlined in February of 1994. During this time, operating expenses have declined by 36.1 percent. Higher investment yields and lower operating expenses have enabled the CLF to pay its members the highest dividend rates since 1991. Dividend rates for the 1st, 2nd, 3rd and 4th quarters were 5.85%, 5.814%, 5.584% and 5.433% respectively. In accordance with Board policy, all available net income has been paid out in dividends to members.

From December 1994 through February 1995, the CLF assisted Capital Corporate Federal Credit Union, an Agent of the CLF, with liquidity loans for its member credit unions that were affected by a 60-day freeze on their accounts. The CLF made 601 loans totaling $389.8 million; the majority (509) were overnight loans. Total interest earned was $106,838. All loans were funded by the CLF's liquid reserves, which are held in overnight investments.

During 1995, Herb Yolles, the President of the CLF worked closely with the CLF Corporate Liaison committee in reviewing and proposing modifications to various working relationships. These included the agent reimbursements, CLF/NCUSIF loan guarantees, and the redeposit structure/agreement with US Central Credit Union.

Since July 1985, the CLF has been the "authorized reserve agent" for Rhode Island credit unions. These credit unions were required by Rhode Island law to maintain liquidity reserves and written contractual lines of credit with authorized reserve agents. These lines of credit with the CLF totaled over $176.5 million. Due to recent legislative changes, Rhode Island credit unions are no longer required to maintain secured lines of credit and accordingly they were not renewed by the CLF.

The CLF's financial statements for 1995 and auditor's report follow later in this report. For 1995, the CLF has again received an unqualified audit opinion.

SHARE INSURANCE FUND

As the National Credit Union Share Insurance Fund (NCUSIF) completed its silver anniversary year on December 31, 1995, it celebrated the most successful year in its history.

Approximately 11,836 federally insured credit unions received dividend checks totaling $103.9 million, or 4.25 percent of their 1 percent capitalization deposit in the NCUSIF. Thus, a credit union with $600 million of insured shares received a dividend check of approximately $2,125.

Because of the Fund's sound condition, the NCUA Board unanimously approved the $103.9 million dividend and voted not to require that credit unions pay an insurance premium for 1996.

The dividend payout reduced the NCUSIF's equity ratio to its Congressionally mandated level of 1.30 percent. The Fund hit 1.33 percent ($1.33 for every $100 of insured deposits) at the end of September.

By year's end, the NCUSIF had reached an unprecedented 19 months without a net insurance loss. The Fund had $90 million in reserves, with net earnings at about $127 million. In fact, 1995 was another record low year for failures, with only 22 credit unions closed during the year, compared to 33 in 1994. The number of problem code credit unions also declined to 267 from 319 a year ago.

Total insured shares in "natural person" credit unions at fiscal year end 1995 was $261.4 billion compared to $248.7 billion in 1994.

President Clinton honored the insurance fund's 25th Anniversary in a letter, saying, in part, "Providing fair loans, sound fiscal advice, and high quality consumer services to their members, credit unions have earned the trust of their shareholders and the respect of financial institutions throughout our nation.

"The creation of share insurance for credit unions has played a vital role in this success story, helping to guarantee continued stability in the industry and peace of mind for the millions of Americans who rely on these unique financial institutions every day," the President wrote.

As the economy prospered during 1995, so did America's credit unions as they sought to serve their more than 67 million shareholders across the nation.

Credit unions did an outstanding job of adjusting their interest rates to stay abreast of a fluctuating interest rate climate.

Building on a successful year in 1994, federally insured credit unions established an enviable record in 1995. Only 22 were closed, down from last fiscal year's record low of 33 and 37 for the 15-month period ending December 31, 1994.

Moreover, only 267 credit unions were considered to be troubled, compared to 319 for fiscal year 1994.

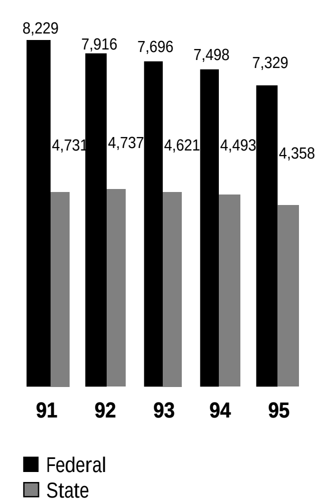
Credit union capital was a strong 11.0 percent.

Meanwhile, insured shares in federally insured credit unions grew at 5.6 percent during 1995, totaling $261.4 billion on December 31. At year's end, the Share Insurance Fund insured 7,329 federal credit unions and 4,358 state-chartered entities, for a total of 11,687.

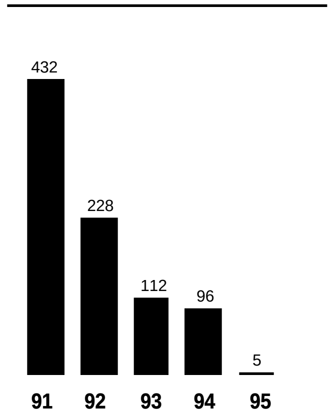
Charters for eight new credit unions were approved during the year by the NCUA Board of Directors. Another five credit unions were added as a result of conversions to federal insurance.

INSURED CREDIT UNIONS

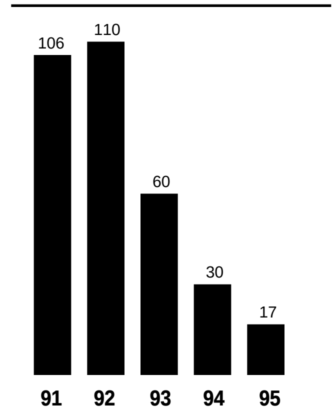
NUMBER OF FEDERALLY INSURED CREDIT UNIONS DECEMBER 31



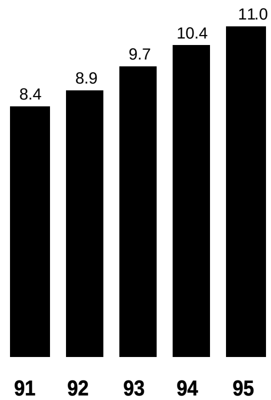
NET CONVERSIONS TO FEDERAL INSURANCE
FISCAL YEAR



TOTAL LIQUIDATIONS
FISCAL YEAR



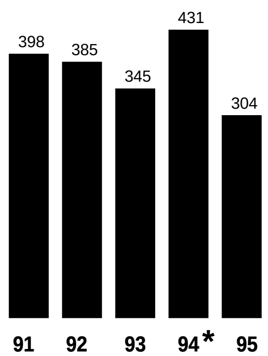
CREDIT UNION CAPITAL RATIO
DECEMBER 31 (BY PERCENT)



SHARE GROWTH IN FEDERALLY INSURED CREDIT UNIONS (IN MILLIONS)

DECEMBER 31	SHARES OUTSTANDING FEDERAL CREDIT UNIONS	STATE CREDIT UNIONS	TOTAL	PERCENTAGE CHANGE FROM PRIOR YEAR TOTAL SHARES
1988	$104,431	$55,217	$159,648	9.1%
1989	109,653	57,518	167,171	4.7
1990	117,881	62,082	179,963	7.7
1991	127,316	72,467	199,783	11.0
1992	142,139	87,386	229,525	14.9
1993	149,229	91,101	240,330	4.7
1994	155,480	92,173	247,653	3.0
1995	164,582	96,856	261,438	5.6

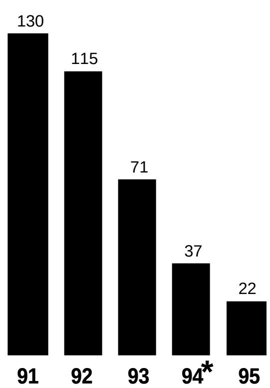
NUMBER OF CREDIT UNION MERGERS
FISCAL YEAR



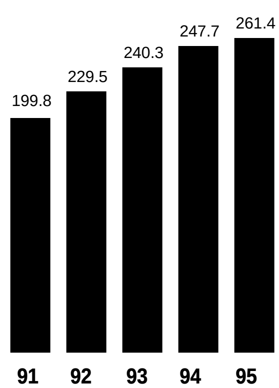
CHANGES IN FEDERALLY INSURED CREDIT UNIONS FISCAL YEAR 1995 (Including transition quarter)

	FEDERAL CREDIT UNIONS	FEDERALLY INSURED STATE CREDIT UNIONS	TOTAL
Number, October 1, 1994	**7,542**	**4,532**	**12,074**
Additions			
New federal charters	8	—	8
New state charters	—	6	6
Conversions	28	7	35
Subtractions			
Mergers			
Assisted	8	1	9
Voluntary	228	150	378
Liquidations			
Involuntary	10	7	17
Voluntary	1	1	2
Conversions	2	28	30
Number, December 31, 1995	**7,329**	**4,358**	**11,687**
Net decrease	(213)	(174)	(387)

CREDIT UNION FAILURES
FISCAL YEAR



TOTAL INSURED SHARES
DECEMBER 31
(IN BILLIONS)



*Includes FY94 transition quarter

The Share Insurance Fund balance for the year 1995 was $3.3 billion as of December 31.

The fund grew during the year by $166 million, including a net insurance deposit adjustment of $147 million, and net earnings of $127 million, less dividends of $108 million .

The fund balance was 1.31 percent of insured shares on June 30, and 1.30 percent at year's end.

Administrative costs for 1995 were $48 million, compared to $44 million for fiscal year 1994.

The $4 million increase was due primarily to the purchase of computer equipment and related training for state examiners. Insurance costs of $0 million were down 100 percent from last year's $26 million—and less than half of the $60 million in losses recorded in 1993.

RESERVES FOR ESTIMATED LOSSES
(IN THOUSANDS)

FISCAL YEAR	1992	1993	1994	1995*
Reserves—beginning of fiscal year	$ 130,797	$ 119,799	$ 85,980	$94,407
Net charges for fiscal year	(122,998)	(93,819)	(17,573)	(4,735)
Provision for insurance losses	112,000	60,000	26,000	0
Reserves—end of fiscal year	$ 119,799	$ 85,980	$ 94,407	$89,672

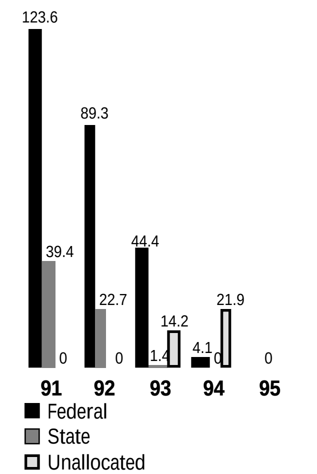
* Includes transistion quarter of Oct. 1 - Dec. 31.

INSURED FUND GROWTH

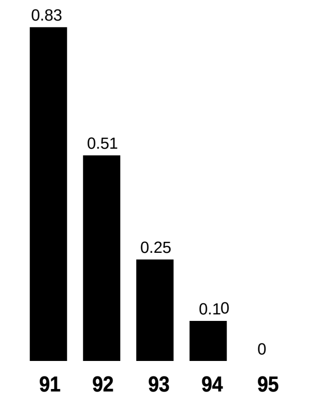
ADMINISTRATIVE COSTS
(IN THOUSANDS)

FISCAL YEAR	1990	1991	1992	1993	1994	1995
Direct expenses	$ 3,357	$ 2,429	$ 4,891	$ 1,544	$ 1,242	$4,229
Allocated expenses	31,796	37,924	41,270	42,030	42,890	44,155
Total administrative expenses	$35,153	$40,353	$46.161	$43,574	$44,132	$48,384
Percent of NCUA total administrative expenses	55.3%	53.2%	55.9%	51.8%	51.4%	52.3%

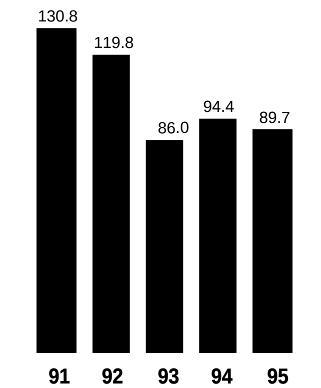
INSURANCE LOSSES (IN MILLIONS)
FISCAL YEAR



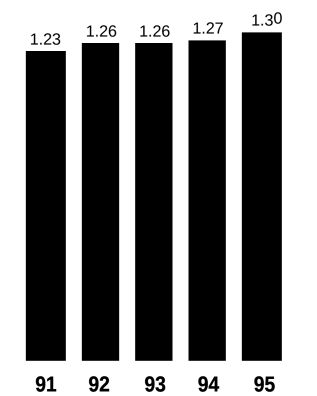
LOSSES PER $1,000 OF SHARES (IN DOLLARS)
FISCAL YEAR



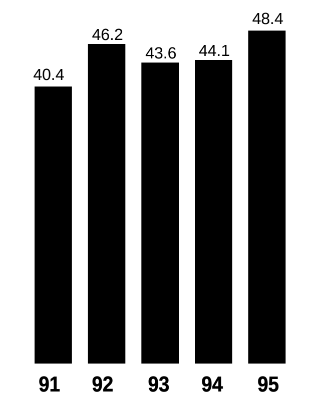
RESERVES (IN MILLIONS)
FISCAL YEAR



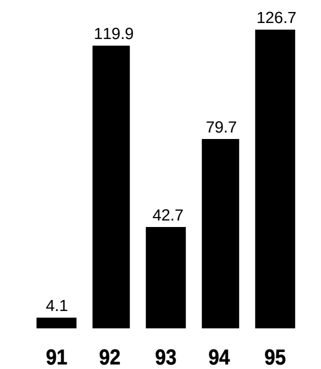
EQUITY RATIO (BY PERCENT)
FISCAL YEAR



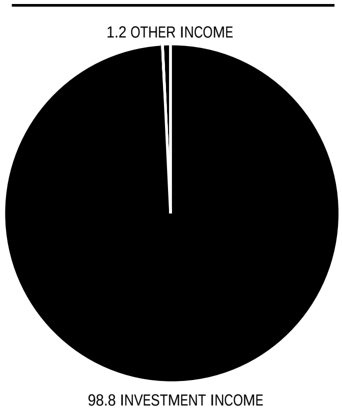
ADMINISTRATIVE EXPENSES (IN MILLIONS)
FISCAL YEAR



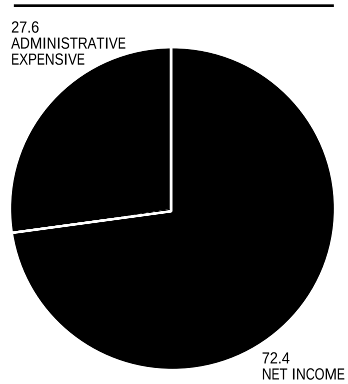
NET INCOME (IN MILLIONS)
FISCAL YEAR



INCOME (BY PERCENT)
FISCAL YEAR 1995



INCOME & EXPENSE (BY PERCENT)
FISCAL YEAR 1995



FUND ASSISTANCE

Cash and non-cash assistance declines

Reflecting the reduction in the number of troubled credit unions, cash and non-cash assistance to these entities was down significantly in 1995 to zero in cash assistance outstanding. There was also $1.1 million in non-cash assitance outstanding at year end.

These totals compare to last year's $2.7 million in cash assistance and $2.8 million in non-cash assistance during 1994.

Problem credit unions are able to receive cash advances from the Share Insurance Fund in exchange for subordinate notes. This assistance allows the credit union to acquire income-producing assets to offset non-earning assets or accumulated losses. Specific repayment schedules are based on the credit union's projected earnings.

Non-cash capital guaranty accounts are given when a viable credit union becomes financially impaired. To qualify, a troubled credit union must have a strong field of membership, good management, and have resolved its basic problems.

A capital guaranty account replaces a deficit in undivided earnings, allowing the credit union to continue operations and pay dividends while it amortizes its negative net worth. The guaranty does not mask the financial condition of the credit union.

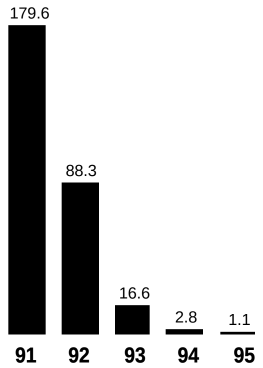
SUMMARY OF CAMEL CODE 4 & 5 CREDIT UNIONS

Fiscal Year	1993	1994	1995
Number of Code 4 & 5 credit unions	474	319	267
Percentage of insured credit unions	3.8%	2.6%	2.3%
Shares in Code 4 & 5 credit unions	$43b	$2.4b	$2.1b
Percentage of NCUSIF natural person insured shares	1.8%	.96%	.80%

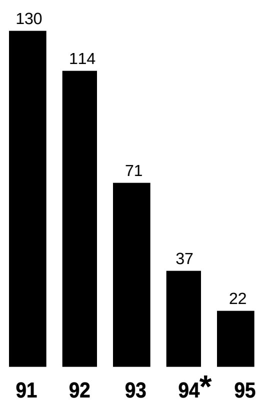
PERCENTAGE OF SHARES BY CAMEL CATEGORY

CATEGORY	1993	1994	1995
Code 1 & 2	83.9%	89.6%	90.1%
Code 3	14.3	9.5	9.2
Code 4	1.8	0.9	0.7
Code 5	0.0	0.0	0.0
Totals	**100.0%**	**100.0%**	**100.0%**

NON-CASH ASSISTANCE OUTSTANDING
FISCAL YEAR (IN MILLIONS)



INVOLUNTARY LIQUIDATIONS & ASSISTED MERGERS
FISCAL YEAR (NUMBER OF CASES)



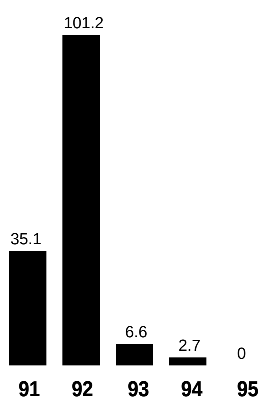
CHANGES IN NCUSIF GUARANTY ACCOUNTS
(IN THOUSANDS)

Guaranty accounts outstanding	
October 1, 1994 (7 cases)	$ 2,849
Increases	
11 credit unions needed initial assistance	2,129
Guaranty increase in outstanding cases	611
Decreases	
7 credit unions merged/liquidated	(2,832)
2 credit unions completed amortization of assistance	(903)
Guaranty reduction in outstanding cases	(720)
Type of credit union	
Federal credit unions (9)	1,134
Federally insured state credit unions (0)	0
Guaranty accounts outstanding	
December 31, 1995 (9 cases)	1,134

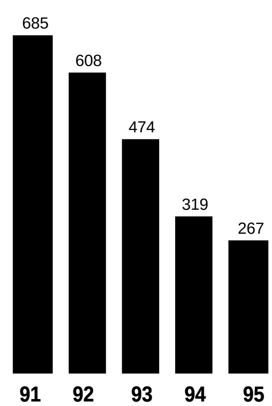
CHANGES IN CASH ASSISTANCE OUTSTANDING
(IN THOUSANDS)

Cash assistance outstanding	
October 1, 1994 (2 cases)	$2,850
Increases	
No credit unions needed initial assistance	0
Decreases	
2 credit unions earned incentive reductions	850
1 credit union repaid balance of assistance	2,000
Reduction in outstanding cases	2,850
Cash assistance outstanding	
December 31,1995 (0 cases)	$ 0

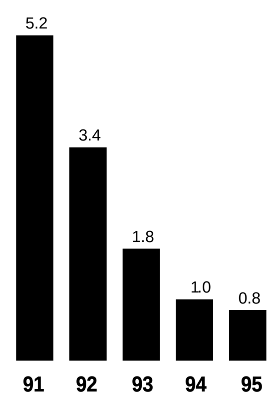
CASH ASSISTANCE OUTSTANDING
FISCAL YEAR (IN MILLIONS)



NUMBER OF PROBLEM CREDIT UNIONS
FISCAL YEAR (CAMEL CODES 4 & 5)



PERCENTAGE OF PROBLEM SHARES TO TOTAL INSURED SHARES
FISCAL YEAR (BY PERCENT)



*Includes transition quarter Oct. - Dec. 1994

FISCAL YEAR	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995[2]
INCOME (IN THOUSANDS)										
Regular premium-federal	—	—	—	—	—	$26,174	$78,889	—	—	—
Regular premium-state	—	—	—	—	—	15,061	44,985	—	—	—
Interest income	$121,080	$112,407	$127,075	$146,612	$159,096	$162,979	$148,659	$142,027	$147,564	$172,926
Other income	346	339	530	2,188	1,168	3,195	5,512	4,223	2,258	2,147
Total income	**$121,426**	**$112,746**	**$127,605**	**$148,800**	**$160,264**	**$207,409**	**$278,045**	**$146,250**	**$149,822**	**$175,073**
EXPENSES (IN THOUSANDS)										
Operating	$16,822	$21,466	$26,588	$30,817	$35,153	$40,353	$46,161	$43,574	$44,132	$48,384
Insurance losses	37,864	55,732	60,122	93,608	89,982	163,000	112,000	60,000	26,000	—
Losses on investment sales	—	—	—	—	—	—	—	—	—	—
Total expenses	**$54,686**	**$77,198**	**$86,710**	**$124,425**	**$125,135**	**$203,353**	**$158,161**	**$103,574**	**$ 70,132**	**$48,384**
Net Income (in thousands)	$66,740	$35,548	$40,895	$24,375	$35,129	$4,056	$119,884	$42,676	$ 79,690	$126,690
DATA HIGHLIGHTS										
Total equity (in thousands)	$1,411,391	$1,602,251	$1,855,911	$1,972,502	$2,052,635	$2,257,124	$2,555,449	$2,814,253	$3,054,308	$3,250,002
Equity as a percentage of shares in insured credit unions	1.23%[1]	1.23%	1.24%	1.25%	1.25%	1.23%	1.26%	1.26%	1.27%	1.30%
Contingent liabilities (in thousands)	$4,684	$5,572	$3,407	$10,663	$7,803	$6,734	$73,594	$1,334	$22	$375
Contingent liabilities as a percentage of equity	0.3%	0.3%	0.2%	0.5%	0.4%	0.3%	2.9%	0.0%	0.0%	0.0%
NCUSIF loss per $1,000 of insured shares	$0.30	$0.38	$0.38	$0.58	$0.51	$0.83	$0.51	$0.25	$0.10	$0.00
OPERATING RATIOS										
Premium income	—	—	—	—	—	19.9%	44.5%	—	—	—
Interest income	99.7%	99.7%	99.6%	98.5%	99.3%	78.6%	53.5%	97.1%	98.5%	98.8%
Other income	0.3%	0.3%	0.4%	1.5%	0.7%	1.5%	2.0%	2.9%	1.5%	1.2%
Operating expenses	13.9%	19.1%	20.8%	20.7%	21.9%	19.5%	16.6%	29.8%	29.5%	27.6%
Insurance losses	31.2%	49.4%	47.1%	62.9%	56.1%	78.6%	40.3%	41.0%	17.4%	0.0%
Total expenses	45.1%	68.5%	67.9%	83.6%	78.1%	98.1%	56.9%	70.8%	46.8%	27.6%
Net income	54.9%	31.5%	32.1%	17.4%	21.9%	1.9%	43.1%	29.2%	53.2%	72.4%
INVOLUNTARY LIQUIDATIONS COMMENCED										
Number	36	33	35	54	83	89	81	54	29*	15
Share payouts (in thousands)	$22,168	$3,213	$36,110	$21,687	$70,875	$117,710	$124,857	$57,303	$27,279*	$11,737
Share payouts as a percentage of total insured shares	0.020%	0.002%	0.023%	0.013%	0.040%	0.067%	0.057%	0.024%	0.011%	0.004%

*Includes 2 liquidations occurring during transition quarter

[1]IN JULY 1986, THE NCUA BOARD APPROVED A CHANGE IN THE INSURANCE YEAR FROM DECEMBER 31 TO JUNE 30

[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

INSURANCE FUND TRENDS

FISCAL YEAR	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995[2]
MERGERS—FISCAL YEAR										
Assisted	58	55	50	60	81	41	33	17	8*	7
Unassisted	515	489	464	395	386	357	352	328	423*	297
*INCLUDES 2 ASSISTED MERGERS AND 81 UNASSISTED MERGERS OCCURRING DURING TRANSITION QUARTER										
ASSISTANCE TO AVOID LIQUIDATION										
Capital notes and other cash advances outstanding	$22,396	$5,031	$5,117	$39,360	$67,891	$35,101	$101,228	$6,634	$2,673	$0
Non-cash guaranty accounts	$39,903	$39,564	$41,127	$53,959	$98,576	$179,595	$88,286	$16,587	$2,849	$1,134
Number of active cases	30	16	25	43	42	51	27	15	7	9
NUMBER OF PROBLEM CASE INSURED CREDIT UNIONS (CODE 4 & 5)										
Number	794	929	1,022	794	678	685	608	474	319	267
Shares (millions)	$6,611	$8,135	$10,600	$8,400	$9,400	$10,400	$7,400	$4,300	$2,430	$2,051
Problem case shares as a percentage of insured shares	4.9%	4.9%	6.3%	4.8%	4.9%	5.2%	3.4%	1.8%	.96%	.80%

DECEMBER 31	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
SHARES IN INSURED CREDIT UNIONS (IN MILLIONS)[1]										
Federal credit unions	$86,709	$94,927	$104,431	$109,653	$117,881	$127,316	$142,139	$149,229	$155,483	$164,582
State credit unions	47,476	51,417	55,217	57,518	62,082	72,467	87,386	91,101	92,173	96,856
Total shares	**$134,185**	**$146,344**	**$159,648**	**$167,171**	**$179,963**	**$199,783**	**$229,525**	**$240,330**	**$247,653**	**$261,438**
NUMBER OF MEMBER ACCOUNTS IN INSURED CREDIT UNIONS (IN THOUSANDS)										
Federal credit unions	31,041	32,067	57,235	53,301	55,222	57,077	58,366	60,746	78,835	78,245
State credit unions	17,362	17,999	27,376	32,547	30,726	33,646	34,749	36,459	44,203	55,740
Total	**48,403**	**50,066**	**84,611**	**85,848**	**85,948**	**90,723**	**93,115**	**97,205**	**123,038**	**133,985**
NUMBER OF INSURED CREDIT UNIONS										
Federal credit unions	9,758	9,401	9,118	8,821	8,511	8,229	7,916	7,696	7,498	7,329
State credit unions	4,935	4,934	4,760	4,552	4,349	4,731	4,737	4,621	4,493	4,358
Total	**14,693**	**14,335**	**13,878**	**13,373**	**12,860**	**12,960**	**12,653**	**12,317**	**11,991**	**11,687**
Shares in insured credit unions as a percentage of all credit union shares	96.4%	96.0%	96.1%	96.0%	96.0%	96.2%	96.4%	98.0%	98.0%	99.0%
State credit union portion of insured shares	35.4%	35.1%	34.6%	34.4%	34.6%	36.3%	38.1%	37.9%	37.2%	37.1%

IN JULY 1986, THE NCUA BOARD APPROVED A CHANGE IN THE INSURANCE YEAR FROM DECEMBER 31 TO JUNE 30

[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

INSURANCE FUND TRENDS

OPERATING FUND FINANCIAL RESULTS

Effective January 1, 1995, the NCUA Operating Fund, along with the NCUSIF, converted to a new fiscal year to coincide with a normal twelve-month calendar year. This change was approved by the NCUA Board in November of 1993. The three-month period of October 1, 1994 through December 31, 1994, was considered a transition period and was funded solely by NCUA. No additional operating fees were assessed from credit unions to fund this transition period. As a result, the equity balance of the Operating Fund decreased from $17.1 million at September 30, 1994, to $7.0 million at December 31, 1994.

During the new 1995 fiscal year, the Operating Fund's equity balance increased by $2.1 to $9.1 million. Much of the increase was from savings in operating costs due to the high number of staff vacancies throughout the year. As a result, total expenses for the Operating Fund were under budget by $2.2 million.

NCUA operating costs are shared with the Share Insurance Fund through a monthly accounting procedure known as the overhead transfer. A study of staff time showed the rate for 1995 was 50 percent.

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

The operating fee assessment is calculated by applying the assessment rate scale to the previous December 31 assets of individual federal credit unions. The 1995 assessment rate was reduced by 5.9 percent due to projected 7 percent asset growth and a 1995 budget increase of 0.8 percent. The assessment rate for 1996 will be reduced by another 6.6 percent for assets reported Dec. 31, 1995.

NCUA's financial condition grew even stronger.

Total revenue of $46.2 million in fiscal year 1995 was under the original projection of $46.9 million or 0.15 percent. Interest income of $44.3 million made up 96 percent of the total revenue for 1995.

For the 11th consecutive year, independent accountants rendered unqualified opinions for NCUA's financial units. Their audit reports and the comparative financial statements of the Operating Fund, the Share Insurance Fund, and the Central Liquidity Facility for fiscal years 1995 and 1994 follow.

NCUA Consolidated Audit Opinion and Financial Statements for the Years Ended December 31, 1995 and 1994

INDEPENDENT ACCOUNTANT'S REPORT

To the Inspector General of the
National Credit Union Administration

In our opinion, the financial statements appearing on pages 28-47 of this report present fairly, in all material respects, the financial position of the National Credit Union Administration's Operating Fund (pages 28-32), of the Share Insurance Fund (pages 33-40), and of the Central Liquidity Facility (pages 41-47), at December 31, 1995 and 1994, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles. 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 of these statements in accordance with generally accepted auditing standards and 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse LLP
Washington, D.C.

NATIONAL CREDIT UNION ADMINISTRATION - OPERATING FUND
BALANCE SHEETS
(Expressed in thousands of dollars)

	December 31,	
	1995	1994
ASSETS		
Cash and cash equivalents	$12,373	$15,692
Due from National Credit Union Share Insurance Fund	681	0
Employee advances	208	173
Other accounts receivable	708	350
Prepaid expenses	95	107
Fixed assets, net of accumulated depreciation and amortization	46,226	43,387
Employee residences held for resale	812	43
Total assets	$61,103	$59,752

	1995	1994
LIABILITIES AND FUND BALANCE		
Accounts payable	$ 3,709	$ 3,205
Due to National Credit Union Share Insurance Fund	0	564
Accrued wages and benefits	3,995	3,717
Accrued annual leave	4,811	4,367
Accrued employee travel	682	635
Notes payable to National Credit Union Share Insurance Fund	38,813	40,226
Total liabilities	52,010	52,714
Fund balance	9,093	7,038
Commitments (Note 5)		
Total liabilities and fund balance	$61,103	$59,752

NCUA OPERATING FUND

The accompanying notes are an integral part of these financial statements.

NATIONAL CREDIT UNION ADMINISTRATION - OPERATING FUND
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE
(Expressed in thousands of dollars)

	Year Ended December 31,	
	1995	1994
Revenue:		
Operating fees	$44,266	$32,956
Interest	1,693	1,538
Other	251	269
Total revenue	46,210	34,763
Expenses: (Note 4)		
Employee wages and benefits	31,732	31,471
Travel	4,510	4,880
Rent, communications and utilities	1,738	1,611
Contracted services	1,369	1,293
Other	4,806	3,707
Total administrative expenses	44,155	42,962
Excess (deficiency) of revenue over expenses	2,055	(8,199)
Fund balance at beginning of year	7,038	15,237
Fund balance at end of year	$ 9,093	$ 7,038

NATIONAL CREDIT UNION ADMINISTRATION - OPERATING FUND
STATEMENTS OF CASH FLOWS
(Expressed in thousands of dollars)

	Year Ended December 31,	
	1995	**1994**
Cash flows from operating activities:		
Income from operating fees	$44,266	$44,227
Income from investments	1,692	1,543
Other income received	228	484
Cash paid for operating expenses	(41,770)	(40,986)
Net cash provided by operating activities	4,416	5,268
Cash flows from investing activities:		
Purchases of fixed assets	(6,713)	(2,151)
Disposals of fixed assets	391	680
Net cash used in investing activities	(6,322)	(1,471)
Cash flows from financing activities:		
Repayments of note payable	(1,413)	(1,414)
Net cash used in financing activities	(1,413)	(1,414)
Net (decrease) increase in cash and cash equivalents	(3,319)	2,383
Cash and cash equivalents at beginning of year	15,692	13,309
Cash and cash equivalents at end of year	$12,373	$15,692

The accompanying notes are an integral part of these financial statements.

National Credit Union Administration - Operating Fund
Notes to Financial Statements
December 31, 1995 and 1994

NOTE 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.

NOTE 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. All investments in 1995 and 1994 were cash equivalents and are stated at cost which approximates market. Cash equivalents are highly liquid investments with original maturities of three months or less.

Depreciation and Amortization

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

NCUA OPERATING FUND

years for the building and three to ten years for the furniture and equipment and leasehold improvements.

Operating Fees

The Fund assesses each federally chartered credit union an annual fee based on the credit union's asset base as of the preceding December 31. The fee is designed to cover the costs of providing administration and service to the Federal Credit Union System. The Fund recognizes operating fee revenue ratably over the year. As approved by the NCUA Board member, credit unions were not assessed an operating fee for the three months ended December 31, 1994.

Income Taxes

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

Fair Value of Financial Instruments

The following methods and assumptions were used in estimating the fair value disclosures for financial instruments:

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from management's estimates.

Change in Fiscal Year

The Fund changed its fiscal year end from September 30, to December 31, effective January 1, 1995. The results of operations and of cash flows for the year ended December 31, 1994 are presented in the Fund's basic financial statements.

NOTE 3 - FIXED ASSETS

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

	December 31,	
	1995	**1994**
Office building and land	$42,229	$42,229
Furniture and equipment	18,053	11,866
Leasehold improvements	213	213
Total	$60,495	$54,308
Less: Accumulated depreciation and amortization	14,269	10,921
Fixed assets, net	$46,226	$43,387

NOTE 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 1995 and 1994. The cost of the services allocated to NCUSIF, which totaled approximately $44,155,000 and $42,962,000 for 1995 and 1994, respectively, are reflected as a reduction of the corresponding expenses in the accompanying financial statements.

In 1988, the Fund entered into a $2,161,000 thirty-year unsecured term note with NCUSIF, for the purchase of a building. Interest paid was $87,000 for 1995 and 1994. The outstanding principal balance at December 31, 1995 and 1994 was $1,602,000 and $1,674,000, 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 paid was $1,846,000 and $1,978,000 for 1995 and 1994, respectively. The note payable balance at December 31, 1995 and 1994 was $37,211,000 and $38,552,000, respectively.

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

	Unsecured Term Note	Secured Term Note	Total
1996	$ 72	$ 1,344	$ 1,416
1997	72	1,344	1,416
1998	72	1,344	1,416
1999	72	1,344	1,416
2000	72	1,344	1,416
Thereafter	1,242	30,491	31,733
	$1,602	$37,211	$38,813

The variable rate on both notes is equal to NCUSIF's prior month yield on investments. The average interest rate during 1995 and 1994 was approximately 5.33% and 5.06%, respectively. At December 31, 1995, the monthly interest rate was 5.46%.

NOTE 5 - COMMITMENTS

The Fund leases office space under lease agreements which expire through 2003. Office rental charges amounted to approximately $981,000 and $864,000 of which approximately $490,000 and $432,000 was reimbursed by NCUSIF for 1995 and 1994, respectively. In addition, the Fund leases office equipment under operating leases with lease terms less than one year.

The future minimum lease payments as of December 31, 1995, are as follows (in thousands):

1996	$ 809
1997	857
1998	722
1999	518
2000	174
Thereafter	435
	$3,515

Based on the allocation factor approved by the NCUA Board for 1995, NCUSIF will reimburse the Fund for approximately 50% of the future lease payments.

NOTE 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 1995 and 1994, the Fund's contributions to the plans were approximately $5,980,000 and $6,120,000, respectively, of which $2,990,000 and $3,060,000 were reimbursed by NCUSIF, respectively.

NCUA OPERATING FUND

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.

NOTE 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:

	December 31, 1995		December 31, 1994	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$12,373	$12,373	$15,692	$15,692
Due from NCUSIF	681	681		
Employee advances	208	208	173	173
Other accounts receivable	708	708	350	350
Accounts payable	504	504	3,205	3,205
Due to NCUSIF	0	0	564	564
Note payable to NCUSIF	38,813	38,813	40,226	40,226

NOTE 8 - CASH FLOW INFORMATION

The reconciliation of net income to net cash provided by operating activities is as follows (in thousands):

	Year Ended December 31,	
	1995	1994
Excess (deficiency) of revenue over expenses	$2,055	$(8,199)
Adjustments to reconcile (deficiency) excess of revenue over expenses to net cash provided by operating activities:		
Depreciation and amortization	3,403	1,717
Loss on disposal of assets	80	173
Changes in operating assets and liabilities:		
Amounts due from National Credit Union Share Insurance Fund	(681)	0
Employee advances	(35)	39
Other accounts receivable	(358)	11,276
Prepaid expenses	12	128
Employee residences held for resale	(769)	176
Accounts payable	504	(682)
Amounts due to National Credit Union Share Insurance Fund	(564)	564
Accrued wages and benefits	278	39
Accrued annual leave	444	(68)
Accrued employee travel	47	105
Net cash provided by operating activities	$4,416	$ 5,268

NCUA OPERATING FUND

The accompanying notes are an integral part of these financial statements.

NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEETS
(Expressed in thousands of dollars)

	December 31, 1995	December 31, 1994
ASSETS		
Investments	$2,939,435	$2,896,395
Cash and cash equivalents	307,567	157,791
Accrued interest receivable	54,405	53,245
Assets acquired in assistance to insured credit unions	30,206	31,906
Capital notes advanced to insured credit unions	0	650
Due from National Credit Union Administration Operating Fund	0	564
Notes receivable - National Credit Union Administration Operating Fund	38,813	40,226
Other notes receivable	3,364	2,197
Total assets	$3,373,790	$3,182,974

LIABILITIES AND FUND CAPITALIZATION

	December 31, 1995	December 31, 1994
Estimated losses from supervised credit unions	$89,672	$92,714
Estimated losses from asset and merger guarantees	8,478	168
Amounts due to insured shareholders of liquidated credit unions	24,177	5,571
Due to National Credit Union Administration Operating Fund	681	0
Accounts payable	780	270
Total liabilities	123,788	98,723
Fund capitalization:		
Insured credit unions' accumulated contributions	2,512,474	2,369,562
Insurance fund balance	737,528	714,689
Total fund capitalization	3,250,002	3,084,251
Commitments (Notes 3, 8 and 10)		
Total liabilities and fund capitalization	$3,373,790	$3,182,974

SHARE INSURANCE FUND

The accompanying notes are an integral part of these financial statements.

NATIONAL CREDIT UNION SHARE INSURANCE FUND
STATEMENTS OF OPERATIONS
(Expressed in thousands of dollars)

	Year Ended December 31,	
	1995	1994
Revenue:		
Interest	$172,926	$152,590
Other	2,147	2,142
Total revenue	175,073	154,732
Expenses:		
Administrative expenses (Note 8)		
Employee wages and benefits	31,732	31,471
Travel	4,510	4,879
Rent, communications and utilities	1,738	1,611
Contracted services	1,369	1,293
Other	9,035	4,969
Total administrative expenses	48,384	44,223
Provision for insurance losses		14,000
Total expenses	48,384	58,223
Excess of revenue over expenses	$126,689	$ 96,509

NATIONAL CREDIT UNION SHARE INSURANCE FUND
STATEMENTS OF CASH FLOWS
(Expressed in thousands of dollars)

	Year Ended December 31,	
	1995	**1994**
Cash flows from operating activities:		
Income from investments	$171,766	$139,088
Other income received	1,630	2,494
Cash paid for operating expenses	(46,629)	(43,855)
Net cash received (paid) for insurance losses	25,574	(6,010)
Net cash provided by operating activities	152,341	91,717
Cash flows used in investing activities:		
Investments, net	(43,040)	(103,259)
Collections on note receivable - National Credit Union Administration Operating Fund	1,413	1,414
Net cash used in investing activities	(41,627)	(101,845)
Cash flows from financing activities:		
Contributions from insured credit unions	142,912	149,812
Refunds of contributions from insured credit unions		5,571
Dividends to insured credit unions	(103,850)	
Net cash provided by financing activities	39,062	155,383
Net increase in cash and cash equivalents	149,776	145,255
Cash and cash equivalents at beginning of year	157,791	12,536
Cash and cash equivalents at end of year	$307,567	$157,791

The accompanying notes are an integral part of these financial statements.

NATIONAL CREDIT UNION
SHARE INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995 AND 1994

NOTE 1 - ORGANIZATION AND PURPOSE

The National Credit Union Share Insurance Fund (the Fund) was created by 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.

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.

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 semi-annual 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 the 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.

SHARE INSURANCE FUND

NOTE 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.

During 1994, the Fund adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" and has classified all investments as held-to-maturity. Accordingly, the Fund records investments at amortized cost.

Advances to Insured Credit Unions

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

Assets Acquired from Credit Unions

The Fund acquires the assets of liquidating credit unions pending their ultimate disposition. To assist in the merger of credit unions, the Fund may purchase certain credit union assets. In addition, the Fund may provide cash assistance by acquiring non-performing assets of a credit union experiencing financial difficulty. Such assets acquired are recorded at their estimated net realizable value.

Premium Revenue

The Fund may assess each insured credit union a regular annual premium of 1/12 of 1% of its member share deposits (insured member share deposits in the case of corporate credit unions) outstanding as of December 31 of the preceding insurance year. The NCUA Board waived the 1995 and 1994 share insurance premium.

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 - The carrying amounts for cash and cash equivalents approximate fair values.

Investments - The fair value for investments is the quoted market value.

Capital notes and other notes receivable - The fair value of these assets is not practicable to estimate as there is no secondary market and the Fund holds these notes to maturity.

Accrued interest receivable, accounts and notes receivable from NCUA Operating Fund, payable to NCUA Operating

SHARE INSURANCE FUND

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from management's estimates.

Change in Fiscal Year

The Fund changed its fiscal year end from September 30, to December 31, effective January 1, 1995. The results of operations and of cash flows for the year ended December 31, 1994 are presented in the Fund's basic financial statements.

NOTE 3 - PROVISION FOR INSURANCE LOSSES

Management identifies credit unions experiencing financial difficulty through the supervisory and examination process. The estimated losses from these supervised credit unions are determined by management on a case-by-case evaluation.

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 $375,000 and $150,000 at December 31, 1995 and 1994, 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 Central Liquidity Facility (CLF) and Corporate Credit Unions to credit unions. Total outstanding line-of-credit guarantees at December 31, 1995 and 1994 are approximately $2,764,000 and $11,446,000, respectively. Total undivided earnings deficit guarantees of credit unions at December 31, 1995 and 1994 are approximately $27,800,000 and $75,750,000, 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,	
	1995	**1994**
Beginning balance	$92,882	$98,795
Provision for insurance losses	14,000	0
Insurance losses	(13,569)	(54,376)
Recoveries	18,837	34,463
Ending balance	$98,150	$92,882

NOTE 4 - FUND CAPITALIZATION

Title VIII of Public Law 98-369, effective July 14, 1984, provided for the capitalization of the Fund through the contribution by each insured credit union of an amount equal to 1% of the credit union's insured shares to be paid initially by January

21, 1985, and to be adjusted annually thereafter. The annual adjustment of the contribution is based on member share deposits outstanding as of December 31 of the preceding year and is billed on a calendar year basis. The 1% contribution will be returned to the insured credit union in the event that its insurance coverage is terminated, insurance coverage is obtained from another source, or the operations of the Fund are transferred from the NCUA Board.

The law requires that, upon receipt of the 1% contribution, the total fund balance must be maintained at a normal operating level as determined by the NCUA Board. The NCUA Board has determined this level to range from 1.25% to 1.3% of insured shares. The level at December 31, 1995 and 1994 was 1.30% and 1.28%, respectively. Total insured shares at December 31, 1995 were $262.4 billion.

The NCUA Board declared and paid a dividend of $103,850,000 during 1995. No dividend was declared in 1994.

NOTE 5 - CASH EQUIVALENTS AND INVESTMENTS
All cash received by the Fund which is not used for outlays related to assistance to insured credit unions and liquidation activities is invested in U.S. Treasury securities.

Total investment purchases during 1995 and 1994 were approximately $600,000,000 and $1,040,070,000, respectively. Investment maturities during 1995 and 1994 were approximately $550,000,000 and $761,609,000, respectively. The Fund has the capability and management has the intention to hold all investments held at December 31, 1995 and 1994 to maturity. There were no investment sales during 1995 and 1994.

Investments consist of the following (in thousands):

December 31, 1995

	Yield to Maturity at Market	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Treasury Securities					
Maturities up to one year	4.02%	$907,319	$ 1,675	$2,010	$ 906,984
Maturities after one year					
through five years	5.84%	2,032,116	18,663	2,310	2,048,469
Total		$2,939,435	$20,338	$4,320	$2,955,453

December 31, 1994

	Yield to Maturity at Market	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Treasury Securities					
Maturities up to one year	4.26%	$ 672,986		$11,150	$ 661,836
Maturities after one year					
through five years	5.96%	2,223,409		124,888	2,098,521
Total		$2,896,395		$136,038	$2,760,357

NOTE 6 - OTHER ASSETS

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

NOTE 7 - AVAILABLE BORROWINGS

The Fund is authorized under the Federal Credit Union Act to borrow from the Treasury of the United States upon authorization by the NCUA Board to a maximum of $100,000,000 outstanding at any one time. The CLF is authorized to make advances to the Fund under such terms and conditions as may be established by the NCUA Board. No amounts were borrowed from these sources during 1995 or 1994.

SHARE INSURANCE FUND

NOTE 8 - TRANSACTIONS WITH NCUA OPERATING FUND

Substantial administrative services are provided to the Fund by the NCUA Operating Fund. NCUA charges the Fund for these services based on an annual allocation factor approved by the NCUA Board derived from a study conducted by these Funds of actual usage. The allocation factor was 50% to the Fund and 50% to the NCUA Operating Fund for 1995 and 1994. The cost of services provided by the NCUA Operating Fund was approximately $44,155,000 and $42,962,000 for 1995 and 1994, respectively, and includes pension contributions of approximately $2,990,000 and $3,060,000 to the Civil Service Retirement System and Federal Employees Retirement System defined benefit retirement plans for 1995 and 1994, respectively.

In 1988, the Fund entered into a $2,161,000 thirty-year unsecured term note with the NCUA Operating Fund. Interest received was $87,000 for 1995 and 1994. The note receivable balance at December 31, 1995 and 1994 was $1,602,000 and $1,674,000, respectively.

In 1992, the Fund entered into a commitment to fund up to $41,975,000 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 received was $1,846,000 and $1,978,000 for 1995 and 1994, respectively. The note receivable balance at December 31, 1995 and 1994 was $37,211,000 and $38,552,000, respectively.

The above notes mature as follows (in thousands):

	Unsecured Term Note	Secured Term Note	Total
1996	$ 72	$ 1,344	$ 1,416
1997	72	1,344	1,416
1998	72	1,344	1,416
1999	72	1,344	1,416
2000	72	1,344	1,416
Thereafter	1,242	30,491	31,733
Total	$1,602	$37,211	$38,813

The variable rate on both term notes is equal to the Fund's prior month yield on investments. The average interest rate during 1995 and 1994 was approximately 5.33% and 5.06%, respectively. At December 31, 1995, the monthly interest rate was 5.46%.

The NCUA Operating Fund leases certain office space under lease agreements which expire through 2003. Based on the allocation factor approved by the NCUA Board of Directors for 1995, 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 $490,000 and $432,000 for 1995 and 1994, 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, 1995, are as follows (in thousands):

1996	$809
1997	857
1998	722
1999	518
2000	174
Thereafter	435
Total	$3,515

NOTE 9 - DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	December 31, 1995		December 31, 1994	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Investments	$2,939,435	$2,955,453	$2,896,395	$2,760,357
Cash and cash equivalents	307,567	307,567	157,791	157,791
Accrued interest receivable	54,405	54,405	53,245	53,245
Due from NCUA Operating Fund	0	0	564	564
Notes receivable - NCUA Operating Fund	38,813	38,813	40,226	40,226
Amounts due to insured shareholders of liquidated credit unions	24,177	24,177	5,571	5,571
Due to NCUA Operating Fund	681	681	0	0
Accounts payable	780	780	270	270

NOTE 10 - COMMITMENTS

The Fund leases office space under a lease agreement which expires in 1997. The future minimum lease payments as of December 31, 1995 are as follows:

1996	$ 87,000
1997	37,000
Total	$124,000

SHARE INSURANCE FUND

NOTE 11 - CASH FLOW INFORMATION

The reconciliation of net income to net cash provided by operating activities is as follows (in thousands):

	Year Ended December 31,	
	1995	**1994**
Excess of revenue over expenses	$126,689	$ 96,509
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities:		
Provision for insurance losses	0	14,000
Receipts (payments) relating to losses from supervised credit unions and asset and merger guarantees, net	5,268	(19,913)
Changes in operating assets and liabilities:		
Accrued interest receivable	(1,160)	(13,502)
Assets acquired from credit unions, net	1,700	20,425
Capital notes advanced to credit unions, net	650	750
Amounts due from National Credit Union Administration Operating Fund	564	0
Amounts due to National Credit Union Administration Operating Fund	681	558
Other notes receivable	(1,167)	(399)
Amounts due to insured shareholders of liquidated credit unions	18,606	(6,522)
Accounts payable	510	(189)
Net cash provided by operating activities	$152,341	$91,717

SHARE INSURANCE FUND

NATIONAL CREDIT UNION SHARE INSURANCE FUND
STATEMENTS OF INSURED CREDIT UNIONS' ACCUMULATED CONTRIBUTIONS AND INSURANCE FUND BALANCE
(Expressed in thousands of dollars)

	Insured Credit Unions' Accumulated Contributions	**Insurance Fund Balance**
Balance at December 31, 1993	$2,225,321	$618,180
Contributions from insured credit unions	149,812	0
Refunds of contributions from insured credit unions	(5,571)	0
Excess of revenue over expenses	0	96,509
Balance at December 31, 1994	2,369,562	714,689
Contributions from insured credit unions	142,912	0
Excess of revenue over expenses		126,689
Dividend to insured credit unions	0	(103,850)
Balance at December 31, 1995	$2,512,474	$737,528

The accompanying notes are an integral part of these financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
CENTRAL LIQUIDITY FACILITY
BALANCE SHEETS
(Expressed in thousands of dollars)

December 31, 1995

	1995	1994
ASSETS		
Cash	$ 2	$ 10
Investments	701,802	659,881
Loans to members		6,624
Accrued interest receivable	8,664	8,651
Total assets	$710,468	$675,166
LIABILITIES AND EQUITY		
Liabilities		
Member deposits	$ 15,094	$ 14,556
Accounts payable and other liabilities	173	57
Total liabilities	15,267	14,613
Equity		
Capital stock - required	683,691	649,045
Retained earnings	11,510	11,508
Total equity	695,201	660,553
Commitments (Note 13)		
Total liabilities and equity	$710,468	$675,166

CENTRAL LIQUIDITY FACILITY

The accompanying notes are an integral part of these financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
CENTRAL LIQUIDITY FACILITY
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
(Expressed in thousands of dollars)

	Year Ended December 31,	
	1995	**1994**
Income:		
Income from investments	$39,312	$28,927
Income on loans	97	13
Total income	39,409	28,940
Expenses		
Agent commitment fee	459	376
Personnel services	90	101
Other services	31	1
Rent, communications and utilities	15	35
Personnel benefits	16	20
Supplies and materials	4	19
Employee travel	1	5
Printing and reproduction	4	2
Total operating expenses	620	559
Interest		
Member deposits	302	251
Total expenses	922	810
Net income	38,487	28,130
Dividends to members	38,485	27,646
Addition to retained earnings	2	484
Retained earnings at beginning of year	11,508	11,024
Retained earnings at end of year	$11,510	$11,508

CENTRAL LIQUIDITY FACILITY

The accompanying notes are an integral part of these financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
CENTRAL LIQUIDITY FACILITY
STATEMENTS OF CASH FLOWS
(Expressed in thousands of dollars)

	Year Ended December 31, 1995	
	1995	**1994**
Cash flows from operating activities:		
Income from investments	$ 39,298	$ 25,519
Interest received on loans	98	13
Cash paid for operating expenses	(504)	(700)
Net cash provided by operating activities	38,892	24,832
Cash flows from investing activities:		
Investment maturities	14,735	55,000
Loan principal repayments	59,508	53,191
Purchase of investments	(56,656)	(88,365)
Loan disbursements	(52,884)	(59,595)
Net cash used in investing activities	(35,297)	(39,769)
Cash flows from financing activities:		
Additions to member deposits	1,926	28,683
Issuance of required capital stock	41,261	55,774
Withdrawal of member deposits	(40,175)	(51,966)
Redemption of required capital stock	(6,615)	(17,553)
Net cash provided by financing activities	(3,603)	14,938
Net (decrease) increase in cash	(8)	1
Cash at beginning of year	10	9
Cash at end of year	$ 2	$ 10

CENTRAL LIQUIDITY FACILITY

The accompanying notes are an integral part of these financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
CENTRAL LIQUIDITY FACILITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995 AND 1994

NOTE 1 - ORGANIZATION AND PURPOSE

The National Credit Union Administration Central Liquidity Facility (CLF) was created by the National Credit Union Central Liquidity Facility Act (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) of the Internal Revenue Code.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Cash Flows Reporting

For purposes of cash flows reporting, cash consists of deposits maintained in a checking account at a commercial bank.

CENTRAL LIQUIDITY FACILITY

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.

No allowance for loan losses was considered necessary at December 31, 1995 and 1994.

Investments

The CLF invests in members' share accounts (see Notes 5 and 8). All of the CLF's other investments are short-term with no maturities in excess of one year. During fiscal year 1994, the CLF adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities," and has classified its investments as held-to-maturity. Accordingly, investments are recorded at cost.

Fair Value of Financial Instruments

The following methods and assumptions were used in estimating the fair value disclosures for financial instruments:

Cash - The carrying amounts for cash approximate fair value.

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

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

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.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from management's estimates.

Change in Fiscal Year

The CLF changed its fiscal year end from September 30, to December 31, effective January 1, 1995. The results of operations and of cash flows for the year ended December 31, 1994 are presented in the CLF's basic financial statements.

NOTE 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, the CLF has internally imposed a $600 million limitation on its borrowings. At December 31, 1995 and 1994, the CLF was in compliance with these limitations.

NOTE 4 - LOANS TO MEMBERS

During 1995, loans were made only to member credit unions and carried interest rates which ranged from 6.60% to 5.67%. No loans were outstanding at December 31, 1995. There were $6,624,000 of loans outstanding at December 31, 1994.

The CLF also provides members with extended loan commitments and lines of credit. There were no outstanding loan commitments or lines of credit at December 31, 1995.

NOTE 5 - INVESTMENTS

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

	December 31, 1995	December 31, 1994
U.S. Central (see Note 8)		
Redeposits	$631,671	$600,721
Share accounts	70,131	44,425
	701,802	645,146
Time deposits	0	10,000
U.S. obligations	0	4,735
	$701,802	$659,881

NOTE 6 - NOTES PAYABLE

All of the CLF's borrowings are from the Federal Financing Bank with interest generally payable upon maturity. There were no borrowings outstanding at December 31, 1995 and 1994. The Secretary of the Treasury is authorized by the Act to lend up to $500 million to the CLF in the event that the Board certifies to the Secretary that the CLF does not have sufficient funds to meet the liquidity needs of credit unions. This authority to lend is limited to such extent and in such amounts as are provided in advance by Congressional Appropriation Acts. On December 23, 1981, President Reagan signed PL 97-101 which provided $100 million of permanent indefinite borrowing authority which may be provided by the Secretary of the Treasury to the CLF to meet emergency liquidity needs of credit unions.

NOTE 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 amount 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

CENTRAL LIQUIDITY FACILITY

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.

NOTE 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, 1995 and 1994, $656,619,000 and $623,962,000, respectively, of the required portion of subscribed capital stock was on deposit with the CLF by USC on behalf of its member credit unions.

In addition, by accepting this 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. At December 31, 1995 and 1994, $701,802,000 and $645,146,000, respectively, were invested in USC share accounts at approximately 5.33% and 4.22% respective yields.

NOTE 9 - RETAINED EARNINGS
At December 31, 1995 and 1994, internally appropriated retained earnings totalled $9,606,000.

NOTE 10 - CONCENTRATION OF CREDIT RISK
At December 31, 1995, the CLF has a concentration of credit risk for its investments with USC of $701,802,000 (see notes 5 and 8). The risk of accounting loss in the event of nonperformance by USC was $45,033,000.

NOTE 11 - SERVICES PROVIDED BY THE NATIONAL CREDIT UNION ADMINISTRATION
The National Credit Union Administration provides the CLF with miscellaneous services, data processing services, and supplies. In addition, the National Credit Union Administration pays CLF employee salaries as well as 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, 1995, and 1994 amounted to approximately $201,000 and $233,000, respectively.

NOTE 12 - PENSION PLAN
The employees of the CLF are participants in the Civil Service Retirement and Disability Fund which includes the Federal Employees' Retirement System (FERS). Both plans are defined benefit plans covering all of the employees of CLF. FERS is comprised of a Social Security Benefits Plan, a Basic Plan and a Savings Plan and is mandatory for all employees hired on or after January 1, 1984. Contributions to the plans are based on a percentage of employees' gross pay. Under the Savings Plan employees can also elect additional contributions between one and ten percent of their gross pay and the CLF will match up to five percent of the employee elected contributions. CLF's contributions to the plans for the year ended December 31, 1995 and 1994, were approximately $11,000 and $10,000, respectively.

CLF does not account for the assets of the above plans nor does it 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 such as CLF.

NOTE 13 - LEASE
During fiscal year 1993, the CLF was released from its office lease and relocated to a building owned by the National Credit Union Administration. The NCUA assesses the CLF a portion of the building operating costs. CLF's rent expense for the year ended December 31, 1995 and 1994 was approximately $13,000 and $34,000, respectively.

NOTE 14 - DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	December 31, 1995		December 31, 1994	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Cash	$ 2	$ 2	$ 10	$ 10
Investments	701,802	701,802	659,881	659,881
Loans to members	0	0	6,624	6,624
Accrued interest receivable	8,664	8,664	8,651	8,651
Member deposits	15,094	15,094	14,556	14,556
Accounts payable and other liabilities	173	173	57	57

CENTRAL LIQUIDITY FACILITY

NOTE 15 - CASH FLOW INFORMATION

The reconciliation of net income to net cash provided by operating activities is as follows (dollars in thousands):

	Year Ended December 31,	
	1995	**1994**
Net income	$38,487	$28,130
Adjustments to reconcile net income to net cash provided by operating activities:		
Increase in accrued investment income receivable	(14)	(3,409)
Decrease in accrued loan interest receivable	1	0
Increase (decrease) in accounts payable and other liabilities	116	(140)
Interest deposited in member deposits	302	251
Net cash provided by operating activities	$38,892	$24,832

Supplementary disclosures of non-cash transactions are as follows:

	1995	**1994**
Rollovers of loans	$279,962	
Dividends added to member deposits	$38,485	$27,646

TEN YEAR SUMMARY FEDERAL CU DATA

FEDERAL CREDIT UNIONS
DECEMBER 31 (DOLLAR AMOUNTS IN MILLIONS)

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Number of credit unions	9,758	9,401	9,118	8,821	8,511	8,229	7,916	7,696	7,498	7,329
Number of members	31,041,142	32,066,542	34,438,304	35,612,317	36,241,607	37,080,854	38,205,128	39,755,596	40,837,392	42,162,627
Assets	$ 95,484	$105,190	$114,565	$120,666	$130,073	$143,940	$162,544	$172,854	$182,529	$193,781
Loans outstanding	55,305	64,104	73,766	80,272	83,029	84,150	87,633	94,640	110,090	120,514
Shares	87,954	96,346	104,431	109,653	117,892	130,164	146,078	153,506	160,226	170,300
Reserves[1]	3,312	3,725	4,216	4,690	5,158	5,539	6,176	6,976	7,616	8,351
Undivided earnings	2,506	3,023	3,567	4,072	4,594	5,338	6,793	8,338	9,584	11,445
Gross income	9,416	10,158	11,173	12,420	13,233	13,559	13,301	12,946	13,496	15,276
Operating expenses	3,115	3,585	3,931	4,364	4,730	5,068	5,329	5,578	5,964	6,468
Dividends	5,506	5,624	6,148	6,910	7,372	7,184	5,876	5,038	5,208	6,506
Reserve transfers	250	237	232	265	222	170	191	186	245	262
Net income	626	688	799	781	841	1,087	1,897	2,096	1,903	1,886
PERCENT CHANGE										
Total assets	22.1%	10.2%	8.9%	5.3%	7.8%	10.7%	12.9%	6.3%	5.6%	6.2%
Loans outstanding	14.6	15.9	15.1	8.8	3.4	1.3	4.1	8.0	16.3	9.5
Savings	22.8	9.5	8.4	5.0	7.5	10.4	12.2	5.1	4.4	6.3
Reserves	14.8	12.5	13.2	11.2	10.0	7.4	11.5	13.0	9.2	9.7
Undivided earnings	21.5	20.6	18.0	14.2	12.8	16.2	27.3	22.7	14.9	19.4
Gross income	10.4	7.9	10.0	11.2	6.5	2.5	- 1.9	-2.7	4.2	13.2
Operating expenses	16.5	15.1	9.7	11.0	8.4	7.1	5.1	4.7	6.9	8.5
Dividends	8.2	2.1	9.3	12.4	6.7	- 2.6	-18.2	-14.3	3.4	24.9
Net reserve transfers	- 11.3	- 5.2	- 2.1	14.2	-16.1	- 23.8	12.7	-2.6	31.7	6.9
Net income	20.2	9.9	16.1	- 2.3	7.6	29.3	74.5	10.5	-9.2	-0.1
SIGNIFICANT RATIOS										
Reserves to assets	3.5%	3.5%	3.7%	3.9%	4.0%	3.8%	3.8%	4.0%	4.2%	4.3%
Reserves and undivided earnings to assets	6.1		6.4	6.8	7.3	7.5	7.6	8.0	8.9	10.2
Reserves to loans	6.1	5.8	5.7	5.8	6.2	6.6	7.0	7.4	6.9	6.9
Loans to shares	62.9	66.5	70.6	73.2	70.4	64.6	60.0	61.7	68.7	70.8
Operating expenses to gross income	33.1	35.3	35.2	35.1	35.7	37.4	40.1	43.1	44.2	42.3
Salaries and benefits to gross income	14.1	14.6	14.8	14.7	15.0	15.7	17.4	19.4	20.2	19.2
Dividends to gross income	58.5	55.4	55.0	55.6	55.7	53.0	44.2	38.9	38.6	42.6
Yield on average assets	0.8	10.1	10.2	10.6	10.6	9.9	8.7	7.7	7.6	8.1
Cost of funds to average assets	6.4	5.6	5.7	6.0	5.9	5.3	3.9	3.1	3.0	3.5
Gross spread	4.5	4.5	4.5	4.6	4.6	4.6	4.8	4.6	4.6	4.6
Net income divided by gross income	6.6	6.8	7.2	6.3	6.4	8.0	14.3	16.2	14.1	12.3
Yield on average loans	12.7	11.6	11.3	11.5	11.4	11.2	10.4	9.4	8.7	8.9
Yield on average investments	7.9	7.7	7.9	8.4	8.3	7.0	5.5	4.6	5.1	5.6

[1]DOES NOT INCLUDE THE ALLOWANCE FOR LOAN LOSSES

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

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Number of credit unions	4,935	4,934	4,760	4,552	4,349	4,731	4,737	4,621	4,493	4,358
Number of members	17,362,780	17,998,921	18,518,969	18,939,127	19,453,940	21,619,223	23,859,447	23,996,751	24,294,761	24,926,666
Assets	$ 52,244	$ 56,972	$ 60,740	$ 63,175	$ 68,133	$ 83,133	$ 98,767	$104,316	$106,937	$112,861
Loans outstanding	30,834	35,436	39,977	42,373	44,102	49,268	53,727	57,695	65,769	71,606
Shares	48,097	52,083	55,217	57,658	62,082	75,626	89,648	93,482	94,797	99,838
Reserves[1]	2,147	2,423	2,612	2,872	3,047	3,620	4,238	4,754	4,908	5,246
Undivided earnings	1,253	1,458	1,651	1,945	2,241	2,952	3,910	4,862	5,563	6,645
Gross income	5,117	5,483	5,973	6,529	6,967	7,878	8,182	7,878	7,955	8,932
Operating expenses	1,655	1,884	2,078	2,216	2,412	2,860	3,203	3,302	3,473	3,770
Dividends	3,004	3,049	3,290	2,930	3,908	4,203	3,664	3,109	3,145	3,889
Reserve transfers	201	184	158	150	118	98	121	114	144	147
Net income	288	355	470	457	509	711	1,207	1,347	1,146	1,095
PERCENT CHANGE										
Total assets	25.8%	9.0%	6.6%	4.0%	7.8%	22.0%	18.8%	5.6%	2.5%	5.5%
Loans outstanding	17.8	14.9	12.8	6.0	4.1	11.7	9.1	7.4	14.0	8.9
Savings	26.8	8.3	6.0	4.4	7.7	21.8	18.5	4.3	1.4	5.3
Reserves	20.6	12.9	7.8	10.0	6.1	18.8	17.1	12.2	3.2	6.9
Undivided earnings	17.7	16.4	13.2	17.8	15.2	31.7	32.5	24.3	14.4	19.4
Gross income	13.5	7.2	8.9	9.3	6.7	13.1	3.9	-3.7	1.0	12.3
Operating expenses	21.3	13.8	10.3	6.6	8.8	18.6	12.0	3.1	5.2	8.6
Dividends	11.9	1.5	7.9	-10.9	33.4	7.5	-12.8	-15.1	1.2	23.7
Net reserve transfers	-11.5	-8.5	-14.1	-5.1	-21.3	-16.9	23.5	-5.8	26.3	2.1
Net income	12.5	23.3	32.4	-2.8	11.4	39.7	69.8	11.6	-4.5	-4.5
SIGNIFICANT RATIOS										
Reserves to assets	4.1%	4.3%	4.3%	4.5%	4.5%	4.4%	4.3%	4.6%	4.6%	4.6%
Reserves and undivided earnings to assets	6.5	6.8	7.0	7.6	7.8	7.9	8.2	9.2	9.8	10.5
Reserves to loans	7.0	6.8	6.5	6.8	6.9	7.3	7.9	8.2	7.5	7.3
Loans to shares	64.1	68.0	72.4	73.5	71.0	65.1	59.9	61.7	69.4	71.7
Operating expenses to gross income	32.3	34.4	34.8	33.9	34.6	36.3	39.1	41.9	43.7	42.2
Salaries and benefits to gross income	13.9	14.5	14.5	14.4	14.7	15.4	16.9	19.0	20.0	19.1
Dividends to gross income	58.7	55.6	55.1	44.9	56.1	53.4	44.8	39.5	39.5	43.5
Yield on average assets	11.2	10.4	10.1	10.5	10.6	10.4	9.0	7.8	7.5	8.1
Cost of funds to average assets	6.4	5.5	5.5	5.9	6.0	5.6	4.1	3.1	3.0	3.5
Gross spread	4.5	4.3	4.6	4.6	4.6	4.6	4.6	4.7	4.5	4.6
Net income divided by gross income	5.6	6.5	7.9	7.0	7.3	9.0	14.8	17.1	14.4	12.3
Yield on average loans	12.7	11.1	11.2	11.4	11.4	11.8	10.8	9.5	8.6	8.9
Yield on average investments	8.0	7.5	7.9	8.4	8.5	7.4	5.7	4.7	4.9	5.6

[1]DOES NOT INCLUDE THE ALLOWANCE FOR LOAN LOSSES

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

YEAR	CHARTERS ISSUED	CHARTERS CANCELED	NET CHANGE	TOTAL OUTSTANDING	INACTIVE CREDIT UNIONS	ACTIVE CREDIT UNIONS	MEMBERS	ASSETS (AMOUNTS IN THOUSANDS OF DOLLARS)	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	22,313	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, 1935 TO 1969

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

HISTORICAL DATA, FEDERAL CREDIT UNIONS

From the left are Anthony J. LaCreta, Operations Associate Regional Director; Layne L. Bumgardner, Regional Director; and David Hibshman, Programs Associate Regional Director.

Region I
9 Washington Square
Albany, NY 12205
518-464-4180
Fax 518-464-4195

From the left are Tawana Y. James, Operations Associate Regional Director; Jane A. Walters, Regional Director; and William Tracy, Programs Associate Regional Director.

Region II
1775 Duke Street, #4206
Alexandria, VA 22314-3437
703-838-0401
Fax 703-838-0571

REGIONAL OFFICES

From the left are Timothy P. Hornbrook, Programs Associate Regional Director and Timothy P. McCollum, Acting Regional Director.

Region III
7000 Central Parkway, #1600
Atlanta, GA 30328
770-396-4042
Fax 770-698-8211

From the left are Alonzo A. Swann III, Programs Associate Regional Director; Nicholas Veghts, Regional Director; and Michael P. McGuire, Operations Associate Regional Director.

Region IV
4225 Naperville Road, #125
Lisle, IL 60532
708-245-1000
Fax 708-245-1015
TTD: 708-245-1016

From the left are Russell C. White, Programs Associate Regional Director; John S. Ruffin, Regional Director; and Gary J. Vopat, Operations Associate Regional Director.

Region V
4807 Spicewood Springs Road, #5200
Austin, TX 78759-8490
512-349-4500
Fax 512-349-4511

From the left are Rick Ravine, Programs Associate Regional Director; Daniel L. Murphy, Regional Director; and Robert E. Blatner, Operations Associate Regional Director.

Region VI
2300 Clayton Road, #1350
Concord, CA 94520
510-825-6125
Fax 510-486-3729

J. Leonard Skiles, President

Asset Liquidation
Management Center
4807 Spicewood Springs Road, #5100
Austin, TX 78759-8490
512-795-0999
FAX 512-795-8113

From the left in the back row are Acting Corporate Credit Union Director Robert F. Schafer and Equal Opportunity Programs Director Lamont Gibson. From the left in the second row are Investment Services Director Edward Dupcak, Inspector General H. Frank Thomas, Examination and Insurance Director David M. Marquis, Public and Congressional Affairs Director Robert E. Loftus, General Counsel Robert M. Fenner, and Chief Financial Officer Dennis C. Winans. Seated in the front are Technology and Information Services Director Doug Verner, Secretary to the Board Becky Baker, Executive Director Karl T. Hoyle, Human Resources Director Dorothy W. Foster, and Acting Community Development Credit Unions Director Joyce Jackson. Not pictured are Administration Director James L. Baylen and Training and Development Director Robert A. Pompa.

CENTRAL OFFICE EXECUTIVES

NCUA Board Members

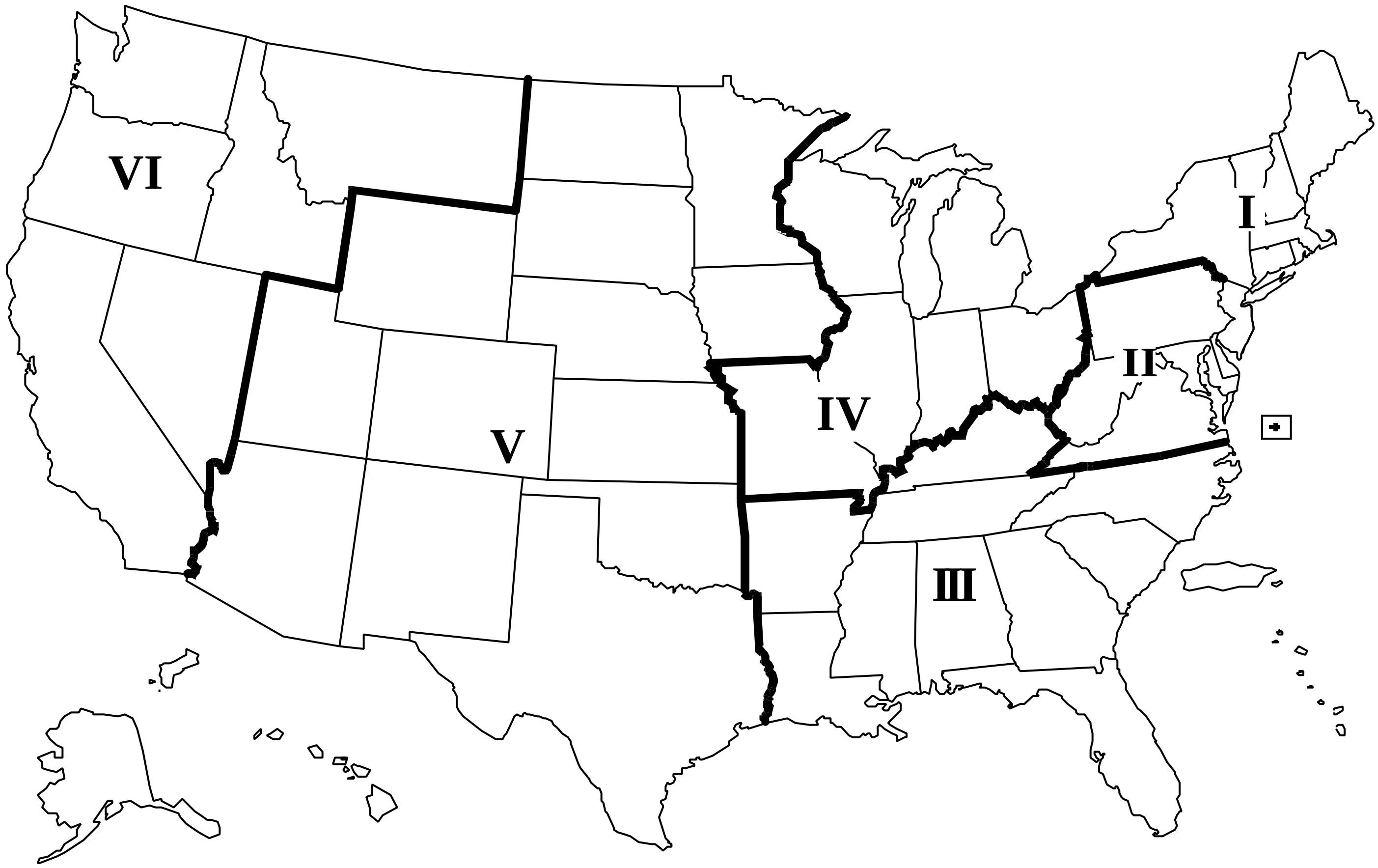
Norman E. D'Amours was nominated by President Bill Clinton in 1993 to serve as Chairman of the NCUA Board. An attorney, Chairman D'Amours was a member of the U.S. House of Representatives from New Hampshire from 1975 to 1985 and served on the House Banking Committee. A Democrat, his term expires in 1999.

Shirlee Pearson Bowne', a real estate broker in Tallahassee, Fla., was nominated to the Board by President George Bush in 1991 and serves as Vice Chairperson. She had also served as a member of Florida Housing Finance Agency. A Republican, her term expires in 1997.

Robert H. Swan, former president of Tooele Utah Federal Credit Union, was nominated to serve on the Board in 1990 by President George Bush. He had previously served as Utah's state deputy director of finance. A Democrat, his term expired in August 1995.

INFORMATION:

General information	703-518-6330
Office of the Board	703-518-6300
Fax number	703-518-6429
News about NCUA	800-755-1030
	703-518-6339
Electronic Bulletin Board	703-518-6480
TTD	703-518-6332
Credit union data	703-518-6540
Credit union investments	800-755-5999
	703-518-6370
To report improper or illegal	800-827-9650
activity at a credit union	703-518-6550
World Wide Web site	http://www.ncua.gov
Member complaints	All regional offices



NCUA REGIONS