National Credit Union Administration

1993 ANNUAL REPORT

The mission of the National Credit Union Administration is to ensure the safety and soundness of credit unions by providing appropriate regulation and supervision while effectively managing the agency's resources and the Share Insurance Fund.

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

This 1993 NCUA Annual Report is an official report to the President and the Congress of the United States. To avoid duplication and reduce costs, this report combines annual reports formerly published by NCUA, the Share Insurance Fund, and the Central Liquidity Facility. Year-end credit union data contained in previous NCUA Annual Reports will be published in "1993 Year-End Statistics for Federally Insured Credit Unions."

Contents

National Credit Union Administration

1775 Duke Street
Alexandria, Virginia 22314-3428

Financial Highlights 1993

National Credit Union Administration Operating Fund[1]	
1993 budget	$ 88.9 million
Actual expenses	84.0 million
Operating fee income from federal credit unions	44.3 million
Expenses transferred to Share Insurance Fund	42.0 million
Other income	0.6 million
Operating Fund balance	14.3 million
National Credit Union Share Insurance Fund[1]	
Fund balance	$ 2.8 billion
Gross income	146.3 million
Net income	42.7 million
Operating expenses	43.6 million
Insurance losses	60.0 million
Reserve for losses	86.0 million
Equity ratio (Fund balance as percentage of insured deposits)	1.26 percent
Central Liquidity Facility[1]	
Total assets	$ 632.2 million
Capital stock	611.3 million
Net income	17.7 million
Dividends paid	17.2 million
Retained earnings	10.9 million
Federally Insured Credit Unions[2]	
Number of credit unions	12,435
Total insured shares	$ 236.5 billion
Total assets	$ 269.3 billion
Capital to assets	9.3 percent
Share growth[3]	7.2 percent
Ratio of loans to shares	59.8 percent
Deliquency ratio	1.1 percent
Net income growth[3]	15.8 percent

[1] FISCAL YEAR 1993 ENDED SEPTEMBER 30.
[2] JUNE 30, 1993.
[3] ANNUALIZED.

Credit unions will continue to grow and will inevitably become more complex.

I was honored to be President Clinton's nominee to the Board of the National Credit Union Administration and his choice to serve as chairman. I was pleased to take this position at a time when credit unions are in good health and when their insurance fund is safe and sound.

Credit unions largely avoided the problems experienced by thrifts and banks in the 1980s. As mostly small, nonprofit enterprises controlled by their members, they did not participate in the speculative practices which brought down other financial institutions.

Credit unions are successful for several reasons. First and foremost, credit union officers and leaders really do believe in the cooperative nature of their endeavor. They serve credit union members honestly and with deep commitment. And they provide services their members want and need.

I also believe NCUA is performing well as a firm and effective supervisor. Certainly, credit union statistics are excellent. Credit union capital is close to 9 percent. Troubled credit unions are the lowest since the 1970s and failures are down substantially.

The current health of credit unions is reflected in the strength of the Share Insurance Fund. The fund has not had a losing year in its entire 23-year history and its equity level is a solid 1.26 percent of insured shares.

Norman E. D'Amours

Credit unions will, of course, continue to grow and will inevitably become more complex. Vigilant supervision will become more, not less important. As NCUA chairman, I pledge to trim agency costs and to balance credit union supervision and regulation with a recognition of their historic role of serving those not served by other financial institutions. Those who are less affluent, inner-city residents, and the rural poor still need the access and services available through credit unions.

I believe the years ahead will be an exciting and productive period for credit unions. I look forward to working with credit union members, officers, and leaders during the next six years.

Norman E D'Amours

Norman E. D'Amours
Chairman of the Board

Toward the end of 1993, NCUA wished a fond farewell to Senator Roger Jepsen as he completed his eight-year chairmanship of the NCUA Board, a tenure of important accomplishment, and welcomed Norman D'Amours with enthusiasm as he began his term as chairman.

NCUA dealt with many challenges in the past several years and will, undoubtedly, have many challenges during the next few years. We will have to face the complexities of the financial world and provide the leadership required to preserve a regulatory environment that accommodates credit union uniqueness while maintaining the safety and soundness that members, Congress, and the public have come to depend on.

Many credit unions find it necessary to adjust long-range plans to deal with some of the changes they face due to the dramatic restructuring of corporate and governmental units they serve. Credit union membership increased by over 50 percent in the last ten years and we can anticipate continued growth. In light of this and the changing environment for credit unions and regulators, NCUA senior staff developed and the NCUA Board approved a "Year 2000 Strategies" plan.

NCUA is looking forward to traveling with credit unions into the next century.

Shirlee Bowné

Shirlee Bowné
Vice Chairman

Shirlee P. Bowné

Robert H. Swan

Here at NCUA we diligently attempt to be a strong and fair regulator. It is our unwavering goal to continue serving the credit union movement by encouraging strong and safe development. To a large extent, that goal has been realized in the past year. Insurance losses have fallen dramatically and reserves remain excellent when compared to problem cases. NCUA is well-prepared to meet the challenges of a changing financial environment.

Based on performance, credit unions are also in excellent condition to meet the demands of an ever-changing future. The Congress will consider regulatory consolidation and competitors will watch credit union performance closely. Issues surrounding fields of membership, community development, truth in savings, and international free trade will present credit unions and NCUA with historic opportunities.

As NCUA moves into a period of transition of leadership, we remain committed to providing fair and balanced service to all credit unions.

Robert H. Swan

Robert H. Swan
Member of the Board

NCUA's Rebuilding Program Now Complete

NCUA administrative actions during 1993 included decisions to hold the line on the 1994 budget, to reduce operating fees for federal credit unions, and to forgo a 1994 insurance premium. The agency also moved to a new office building in Alexandria, Virginia.

Following a period of serious underfunding, the NCUA Board in 1986 launched a rebuilding program that is now complete. New examiners go through a rigorous training program and all examiners receive specialized, technical training. All facets of the agency's operations are automated and examiners have the best technology available to them. The 1994 budget increased the training available to state examiners by 25 percent.

From 1985 through 1991, the agency's budget and staffing was in a steady climb which has now leveled off. These budget increases followed very closely the growth of credit union assets during those years. The agency's 1994 budget is only 1.9 percent higher than the 1993 budget.

With a stabilized budget, the Board in November reduced the 1994 federal credit union operating fee assessment rate by 5.9 percent. The average-size credit union with \$21.6 million in assets will pay \$6,275 for 1994 compared to \$6,668 in 1993, a savings of \$393.

The Board reduced the 1994 federal credit union operating fee assessment rate by 5.9 percent.

Insurance losses in 1993, down from 1992 by a substantial 46 percent, allowed the Board to again waive an insurance premium. It has levied a premium only once since 1984.

To bring NCUA's operations into conformity with credit union practice, the Board in November adopted the calendar year as its fiscal year. It will fund a three-month conversion period at the end of 1994 from reserves in the Operating Fund. Both the federal operating fee and the insurance adjustment payments for 1995, usually assessed in November and payable in January, will not be due until March.

Responding to credit union concerns about the effect of the new Truth in Savings rule, NCUA undertook an educational and assistance program especially for small credit unions. This program will continue as long as it is needed.

Also in 1993, after months of planning, NCUA moved from rented quarters in downtown Washington, D.C., to its own building in suburban Alexandria. The decision to build was made when the former landlord notified the agency that the rent would triple. The move took place over the Labor Day weekend. The new building offers ample office, training and meeting spaces at considerable savings.

Enforcement Actions Increase For Fifth Consecutive Year

Enforcement actions increased for the fifth consecutive year in 1993, continuing a trend since the passage of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

Fifty-seven actions were issued in 1993, up from only four in 1989. Thirty-four prohibitions, 18 cease and desist orders, and five civil money penalty enforcement actions were taken in 1993. Among the actions taken by the NCUA Board were the following:

- A civil money penalty assessment of $143,500 against a former director of a credit union for violating provisions of the Federal Credit Union Act, NCUA's Rules and Regulations, and a final cease and desist order;
- A prohibition and restitution order in the amount of $13,605.81 against the manager of a federally insured credit union;
- Prohibition orders against four former members of the board of directors of Franklin Community Credit Union, Omaha;
- A prohibition order against the former manager of a state-chartered, federally insured credit union who embezzled approximately $1.5 million;
- A prohibition order against the former computer consultant of a credit union who manipulated her own account records;
- A cease and desist order and a civil money penalty of $10,000 against a salesman who marketed U.S. government securities to federally insured credit unions; and
- A cease and desist order and a civil money penalty of $35,000 against a broker dealer who marketed U.S. government securities to federally insured credit unions.

NCUA continues to pursue lawsuits in cases resulting from criminal actions.

NCUA continues to pursue lawsuits in cases resulting from criminal actions at HYFIN Credit Union, Brooklyn; Barnstable Community Federal Credit Union, Barnstable, Mass., and Franklin. These three cases constitute the largest losses ever suffered by the Share Insurance Fund.

Several of the insiders in Barnstable were convicted of multiple criminal counts in July 1993, and the civil suit against these same individuals continues. In Franklin, lawsuits against two of Franklin's former banks and a law firm are expected to go to trial in 1994.

NCUA is also the defendant in three lawsuits brought by banks in their states challenging the agency's field-of-membership decisions. NCUA maintains that banks do not have standing to challenge field-of-membership decisions. The only court ruling thus far on the merits of this issue, in Michigan, was decided in NCUA's favor. Rulings in the other two cases are expected in 1994.

Low-income Credit Unions Have Priority

NCUA gave high priority in 1993 to credit unions serving economically distressed communities. During the year, 12 credit unions were chartered to serve low-income, inner city, and minority communities in nine states and the District of Columbia.

The NCUA Board in 1993 revised the regulations for the Community Development Revolving Loan Program through which low-income credit unions receive reduced-rate loans and technical assistance. The new regulation—

- ▲ Eased the requirements for obtaining a low-income designation;
- ▲ Streamlined charter application procedures;
- ▲ Reduced unnecessary and burdensome paperwork requirements;
- ▲ Raised the loan limit from $200,000 to $300,000; and
- ▲ Increased the availability of technical assistance.

Following the easing of the rules on low-income designation, 11 credit unions have obtained that designation. Additional chartering changes to benefit low-income credit unions are included in a comprehensive chartering rule now before the NCUA Board. The Board will take final action in 1994.

The Board also heard from a staff committee appointed in 1992 to study its supervision and regulation of these credit unions. During its year-long study, the committee met with credit union officials in Newark, New York, Washington, Chicago, Philadelphia, Atlanta, and Epes, Ala. The committee found a need for more effective communication with people of diverse backgrounds, races, ages, cultures, and lifestyles.

The committee determined that the success or failure of low-income credit unions depends on good management, just as in all credit unions. And it found that low-income credit unions want more financial data on a regular basis. The agency now plans to issue six-month reports on low-income credit unions.

The success or failure of low-income credit unions depends on good management, just as in all credit unions.

In 1993 nine low-income credit unions received loans totaling $1.4 million from the Community Development Revolving Loan Program. In its four years of administering the program, NCUA has made $7.6 million in loans to over 50 credit unions. No credit union has defaulted and the current delinquency rate is zero.

As of June 1993, NCUA recognized 146 low-income credit unions with assets of $285.6 million, a 16 percent increase over year-end 1992. Average asset size is $1.9 million, a healthy 11 percent increase in six months. The June capital ratio was 7.4 percent compared to 8.5 percent for all credit unions.

New President, Congress Give Impetus To Legislative Agenda

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

A new president and a new Congress gave renewed impetus in 1993 to the drive for consolidation of the federal regulatory agencies and added to the legislative agenda for NCUA and credit unions.

The U.S. Treasury, representing the new Administration, joined key members of Congress in advocating regulatory consolidation. Past efforts in this direction included NCUA, but all legislative proposals now under consideration exclude the agency and the Share Insurance Fund.

President Bill Clinton's proposal to create a system of community development banks moved forward legislatively, passing the House of Representatives by voice vote. The amended House bill (H.R. 3474) includes an authorization of $15 million for the Community Development Revolving Loan Fund for Credit Unions.

The House bill's authorization is divided over four years—$3 million in 1994 and $4 million in each of the following three years. The Senate's community development bill (S.1275) includes $5 million for the loan fund. Senate action is expected early in 1994 and the two measures will be reconciled in conference committee.

During 1993, NCUA Chairman Roger W. Jepsen, Board Member Robert Swan and senior staff members testified eight times before committees of Congress, indicating high member interest in oversight.

Legislation signed into law in 1993 included provisions that—

- ▲ Require that 60 percent of student loans for the 1998-1999 school year be funded directly by the government;
- ▲ Require credit unions to file 1099 forms when they discharge debts of $600 or more;
- ▲ Appropriate $1 billion in social service grants for programs to revitalize distressed communities; and
- ▲ Ease the 95 percent rule for credit unions that occupy free space in federal buildings.

Proposed legislation would require NCUA to appoint an ombudsman to act as liaison between the agency and the public and establish a program of alternative means of dispute resolution.

Other areas of concern to credit unions, flood insurance reform, bankruptcy reform, and fair credit reporting, were the subject of legislation introduced in 1993. Proposed legislation—

- ▲ Would require lenders to place flood insurance premiums in escrow if they use escrow accounts for other purposes;
- ▲ Would impose civil penalties on lenders and retailers for supplying incomplete or inaccurate information to credit bureaus; and
- ▲ Would encourage bankruptcy petitioners to file Chapter 13 repayment plans instead of Chapter 7 liquidations.

President Clinton's proposal to create a system of community development banks moved forward legislatively.

Share Insurance Fund Had Best Year

The financial success of the National Credit Union Share Insurance Fund as a federal deposit insurer was reaffirmed and in 1993 had one of its best years, after two years of high insurance losses.

Losses in 1993 were $60.0 million, slightly over one-third of 1991 losses and 54 percent of 1992 losses. The loss ratio per thousand dollars of insured shares was also down by half. Insurance losses in 1991 were $163 million and $112 million in 1992, due primarily to high losses in New England.

The $60 million insurance cost represents 25 cents for every thousand dollars of insured shares, compared to 51 cents in 1992 and 83 cents in 1991. Credit union failures—involuntary liquidations and assisted mergers—were also down to a 20-year low of 71. This compares with 164 failures in 1990, 130 in 1991, and 114 in 1992.

With these good results, the fund balance rose and the equity ratio held firm. Once again, the NCUA Board was able to waive an insurance premium. Only once since credit unions recapitalized the Share Insurance Fund in 1985 has the Board levied a premium.

The fund's reserve at fiscal year-end was $86 million, well below the 1992 reserve of $119.8 million. Loss reserves are established for high-risk credit unions and actual insurance expenditures are charged to the loss reserves.

Credit union failures were also down to a 20-year low.

D. Michael Riley
Director, Office of Examination and Insurance

On September 30, the Share Insurance Fund total capitalization balance was $2.81 billion, up from $2.56 billion in 1992, and it had an equity ratio—the fund balance as a percentage of insured shares—of 1.26 percent. In 1991, the equity ratio dropped to 1.23, below the floor of 1.25 set by the NCUA Board, but was back up to 1.26 in 1992.

The drop in the number of troubled credit unions—those rated CAMEL Code 4 or 5—was as dramatic as the decline in losses. In 1993, troubled credit unions totalled 474, the lowest point in 15 years. And because of the general good health of the nation's credit unions, cash and non-cash assistance to troubled credit unions also declined substantially.

The high number of conversions to federal insurance from private or state insurance funds, triggered by the Rhode Island insurance crisis in 1991, continued in 1993, and now seems almost complete. A total of 112 credit unions converted to federal insurance in 1993, half of the 228 that did so in 1992, substantially below the 1991 peak of 432 conversions.

On September 30, the Share Insurance Fund insured 7,770 federal credit unions and 4,651 state-chartered credit unions.

Credit Unions Grew 8 Percent, 112 Convert to Federal Insurance

Federally insured natural person credit unions grew an estimated 8 percent in 1993 and on June 30 had $236.5 billion in shares, even as the total number of credit unions declined, largely through mergers.

During 1993, 112 credit unions converted to federal insurance from private or state insurance plans, bringing conversions over a three-year period to 772.

Federally insured credit unions maintain a 1 percent deposit in the Share Insurance Fund based on their total insured shares on June 30. Deposits are adjusted annually. Earnings on these deposits contribute to its growth and pay the fund's operating costs, insurance losses, and 50 percent of NCUA's operating costs.

SHARE GROWTH IN FEDERALLY INSURED NATURAL PERSON CREDIT UNIONS (IN MILLIONS)

	SHARES OUTSTANDING			PERCENTAGE CHANGE FROM PRIOR YEAR TOTAL SHARES
DECEMBER 31	FEDERAL CREDIT UNIONS	STATE CREDIT UNIONS	TOTAL	
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	145,637	87,386	229,525	14.9%
1993*	154,000	95,000	249,000	6.9%

*ESTIMATED

CHANGES IN FEDERALLY INSURED CREDIT UNIONS FISCAL YEAR 1993

	FEDERAL CREDIT UNIONS	FEDERALLY INSURED STATE CREDIT UNIONS	TOTAL
Number, October 1, 1992	**7,992**	**4,713**	**12,705**
Additions			
New federal charters	2	–	2
New state charters	–	2	2
Conversions	30	117	147
Resumed operations	4	1	5
Subtractions			
Mergers			
Assisted	13	4	17
Voluntary	196	132	328
Liquidations			
Involuntary	39	15	54
Voluntary	5	1	6
Conversions	5	30	35
Number, September 30, 1993	**7,770**	**4,651**	**12,421**
Net decrease	**(222)**	**(62)**	**(284)**

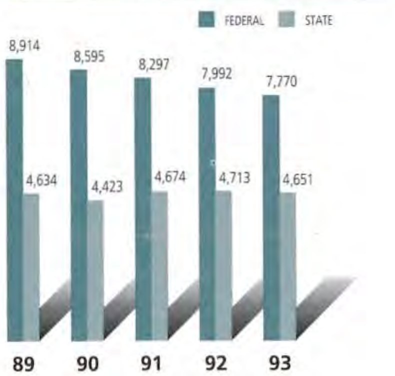
Credit Union Capital 9.3 Percent, Failures Lowest in Many Years

Today, federally insured credit unions are safe and sound, their capital ratio is 9.3 percent, failures are at the lowest point in years, and the percentage of all shares held by troubled credit unions is the lowest ever.

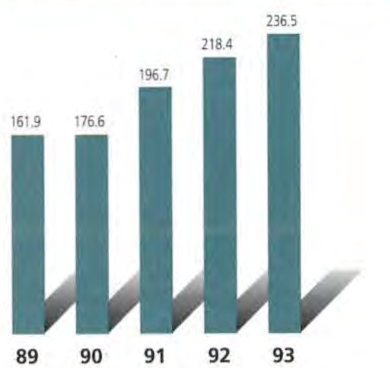
At year-end 1993, shares in troubled credit unions as a percentage of total insured shares were one-third of what they were in 1988 when the agency began an intensive effort to reduce their number.

In 1988, 1,022 troubled credit unions held 6.3 percent of all shares. In 1993, shares in 474 troubled credit unions were 1.8 percent of all insured shares. Both the number of credit union failures and insurance losses are substantially reduced, reflecting the health of all credit unions.

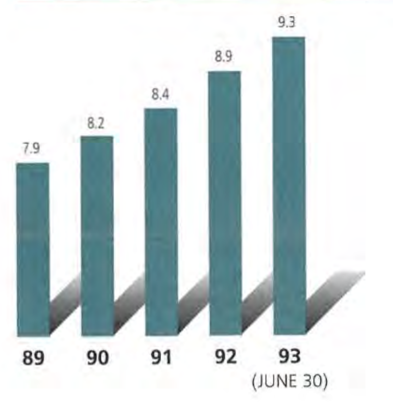
NUMBER OF FEDERALLY INSURED CREDIT UNIONS



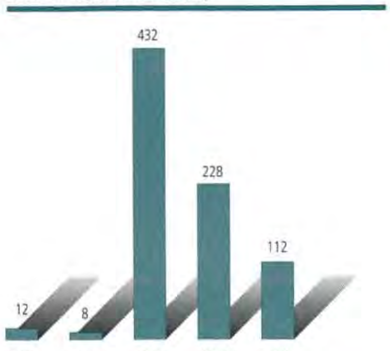
TOTAL INSURED SHARES
(IN BILLIONS—JUNE 30)



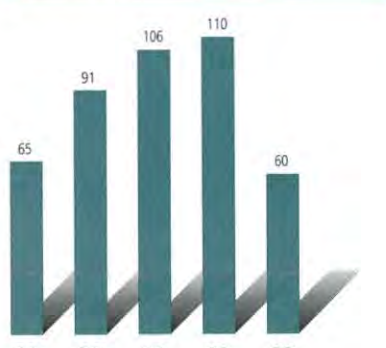
CREDIT UNION CAPITAL RATIO
(DECEMBER 31—BY PERCENT)



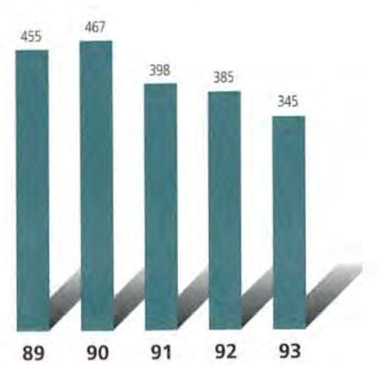
NUMBER OF CONVERSIONS
(FROM PRIVATELY INSURED TO FEDERALLY INSURED STATE-CHARTERED CREDIT UNIONS)



TOTAL LIQUIDATIONS
(NUMBER OF CASES)



NUMBER OF CREDIT UNION MERGERS



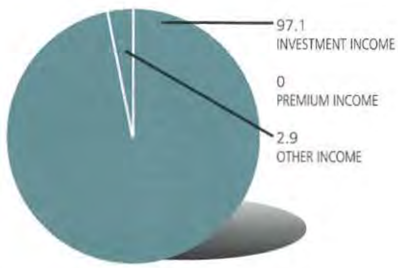
Share Insurance Fund Balance Grew to $2.8 Billion During 1993

The Share Insurance Fund balance grew by $259 million in 1993 to $2.8 billion, 1.26 percent of total insured shares of $236.5 billion at fiscal year-end September 30.

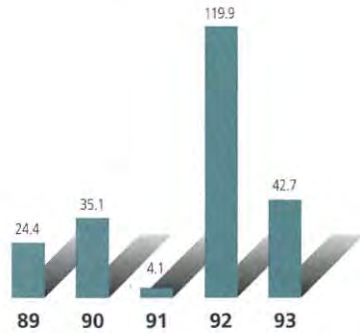
The fund's growth was due to the increase in the annual credit union insurance deposit of $210 million, net earnings of $43 million, and insurance conversion deposits of $6 million.

At the end of the insurance year on June 30, the equity ratio was 1.27 percent of insured shares. When the new midyear share totals were reported, the ratio returned to 1.26 percent.

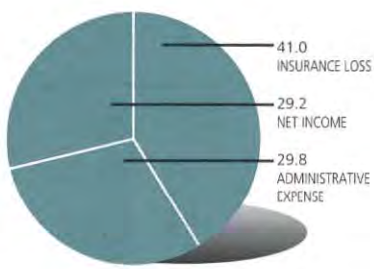
NCUSIF INCOME
(BY PERCENT)



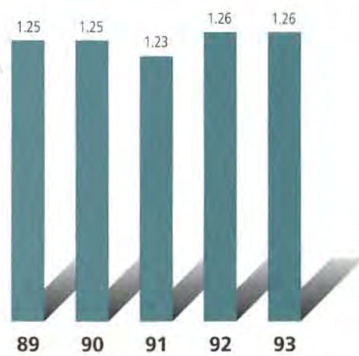
NCUSIF NET INCOME
(IN MILLIONS)



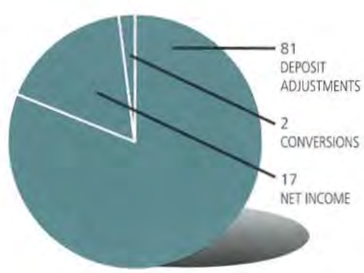
INCOME & EXPENSE
(BY PERCENT)



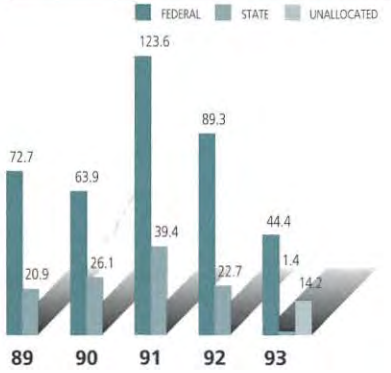
NCUSIF EQUITY RATIO
(BY PERCENT)



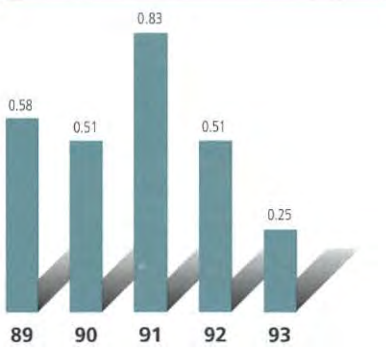
GROWTH IN EQUITY
(BY PERCENT)



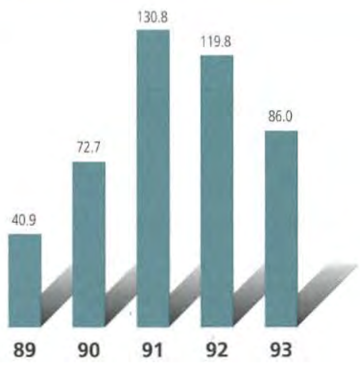
INSURANCE LOSSES
(IN MILLIONS)



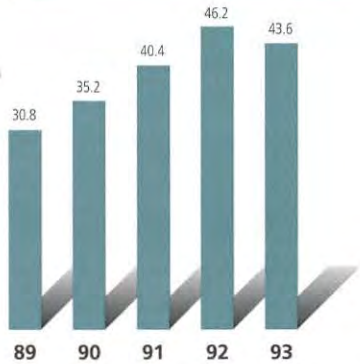
NCUSIF LOSSES PER $1,000 OF INSURED SHARES
(IN DOLLARS)



NCUSIF RESERVES
(IN MILLIONS)



NCUSIF ADMINISTRATIVE EXPENSES
(IN MILLIONS)



RESERVES FOR ESTIMATED LOSSES (IN THOUSANDS)

FISCAL YEAR	1991	1992	1993
Reserves—beginning of fiscal year	$ 72,688	$ 130,797	$ 119,799
Net charges for fiscal year	(104,891)	(122,998)	(93,819)
Provisions for insurance losses	163,000	112,000	60,000
Reserves—end of fiscal year	$ 130,797	$ 119,799	$ 85,980

ADMINISTRATIVE COSTS (IN THOUSANDS)

FISCAL YEAR	1989	1990	1991	1992	1993
Direct expenses	$ 2,048	$ 3,357	$ 2,429	$ 4,891	$ 1,544
Allocated expenses	28,769	31,796	37,924	41,270	42,030
Total administrative expenses	**$ 30,817**	**$ 35,153**	**$ 40,353**	**$ 46,161**	**$ 43,574**
Percent of NCUA total administrative expenses	53.6%	55.3%	53.2%	55.9%	51.8%

Non-cash Assistance Drops Dramatically

Non-cash assistance to troubled credit unions was down dramatically at year-end 1993—$16.6 million compared to $88.3 million in 1992 and $179.6 million in 1991.

The Share Insurance Fund gives non-cash capital guaranty accounts when a credit union becomes impaired financially but has a viable field of membership, good management, and has resolved its basic problems.

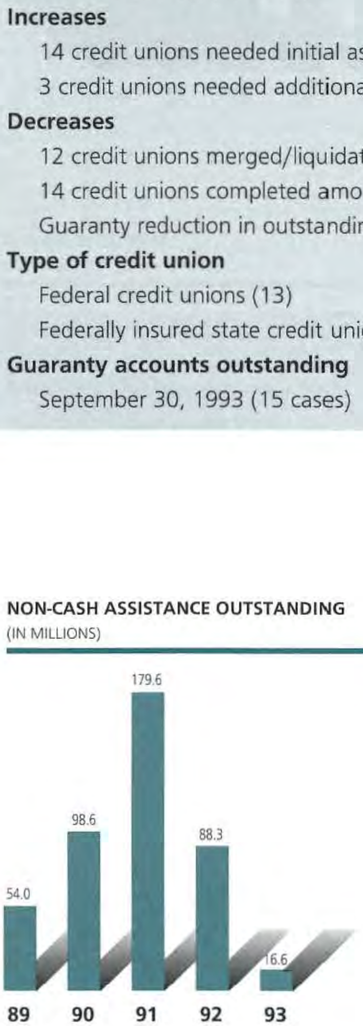
A capital guaranty account replaces a deficit in undivided earnings, allowing the credit union to continue operating and paying dividends while it amortizes its negative net worth.

Because it allows full and fair disclosure of the credit union's financial condition, the guaranty does not mask the financial condition of the credit union.

CHANGES IN NCUSIF GUARANTY ACCOUNTS OUTSTANDING (IN THOUSANDS)

Guaranty accounts outstanding	
October 1, 1992 (27 cases)	$ 88,286
Increases	
14 credit unions needed initial assistance	11,134
3 credit unions needed additional assistance	1,221
Decreases	
12 credit unions merged/liquidated	(8,235)
14 credit unions completed amortization of assistance	(7,224)
Guaranty reduction in outstanding cases	(68,595)
Type of credit union	
Federal credit unions (13)	$ 16,131
Federally insured state credit unions (2)	456
Guaranty accounts outstanding	
September 30, 1993 (15 cases)	$ 16,587

NON-CASH ASSISTANCE OUTSTANDING
(IN MILLIONS)



INVOLUNTARY LIQUIDATIONS & ASSISTED MERGERS
(NUMBER OF CASES)

SUMMARY OF CAMEL CODE 4 & 5 CREDIT UNIONS

	1992	1993
Number of Code 4 & 5 credit unions	608	474
Percentage of insured credit unions	4.6%	3.8%
Shares in Code 4 & 5 credit unions	$7.4 billion	$4.3 billion
Percentage of NCUSIF natural person insured shares	3.4%	1.8%

PERCENTAGE OF SHARES BY CAMEL CATEGORY

CATEGORY	1989	1990	1991	1992	1993
Code 1 & 2	75.4%	73.0%	68.3%	74.8%	83.9%
Code 3	19.8	22.1	26.5	21.8	14.3
Code 4	4.6	4.7	5.0	3.3	1.8
Code 5	0.2	0.2	0.2	0.1	0.0
Totals	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

1993 Cash Assistance Outstanding A Small Fraction of Year Before

Cash assistance outstanding at the end of fiscal year 1993 was $6.6 million, a small fraction of the $101.2 million outstanding in 1992, due to the general good health of federally insured credit unions.

Cash is usually advanced to a problem credit union by the Share Insurance Fund in exchange for a subordinated note. This assistance allows the credit union to acquire income-producing assets to offset non-earning assets or accumulated losses.

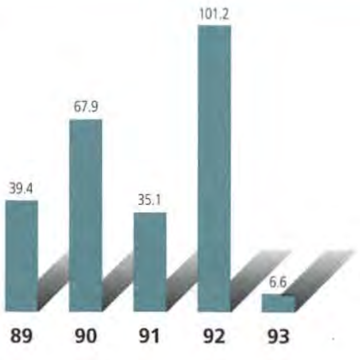
Specific repayment schedules are based on the credit union's projected earnings.

CHANGES IN CASH ASSISTANCE OUTSTANDING (IN THOUSANDS)

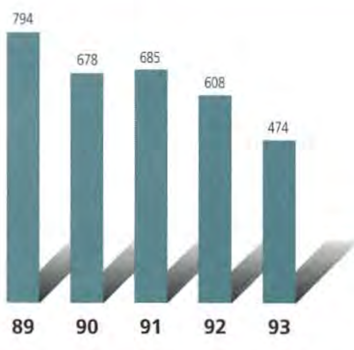
Cash assistance outstanding	
October 1, 1992 (9 cases)	$101,228
Increases	
2 credit unions needed initial assistance	1,850
1 credit union needed additional assistance	5,000
Decreases	
6 credit unions earned incentive reductions*	75,277
4 credit unions repaid balance of assistance	8,765
2 credit unions repaid portion of assistance	17,402
Reduction in outstanding cases	101,444
Cash assistance outstanding	
September 30, 1993 (3 cases)	$ 6,634

* INCLUDES 3 CREDIT UNIONS WHICH EARNED INCENTIVES AND REPAID CASH EQUAL TO OUTSTANDING BALANCE OF CASH ASSISTANCE.

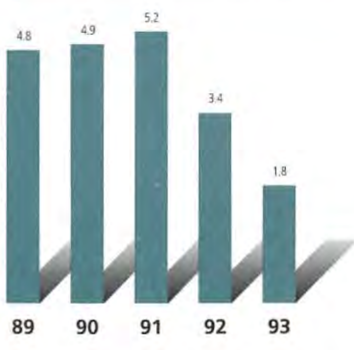
CASH ASSISTANCE OUTSTANDING
(IN MILLIONS)



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



PERCENTAGE OF CAMEL CODE 4 & 5 SHARES TO TOTAL INSURED SHARES
(BY PERCENT)



TEN-YEAR TREND
SEPTEMBER 30

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
INCOME (IN THOUSANDS)										
Regular premium-federal	$40,404	$10,508	—	—	—	—	—	$26,174	$78,889	—
Regular premium-state	19,781	5,208	—	—	—	—	—	15,061	44,985	—
Interest income	30,088	83,789	121,080	112,407	127,075	146,612	159,096	162,979	148,659	142,027
Other income	878	708	346	339	530	2,188	1,168	3,195	5,512	4,223
Total income	**$91,151**	**$100,213**	**$121,426**	**$112,746**	**$127,605**	**$148,800**	**$160,264**	**$207,409**	**$278,045**	**$146,250**
EXPENSES (IN THOUSANDS)										
Operating	$10,426	$10,927	$16,822	$21,466	$26,588	$30,817	$35,153	$40,353	$46,161	$43,574
Insurance losses	28,068	25,472	37,864	55,732	60,122	93,608	89,982	163,000	112,000	60,000
Losses on investment sales	2,326	—	—	—	—	—	—	—	—	—
Total expenses	**$40,820**	**$36,399**	**$54,686**	**$77,198**	**$86,710**	**$124,425**	**$125,135**	**$203,353**	**$158,161**	**$103,574**
Net Income (in thousands)	**$50,331**	**$63,814**	**$66,740**	**$35,548**	**$40,894**	**$24,375**	**$35,130**	**$4,056**	**$119,884**	**$42,676**
DATA HIGHLIGHTS										
Total equity (in thousands)	**$285,540**	**$1,119,356**	**$1,411,391**	**$1,602,251**	**$1,855,911**	**$1,972,502**	**$2,052,635**	**$2,257,124**	**$2,555,449**	**$2,814,253**
Equity as a percentage of shares in insured credit unions	0.313%	1.28%	1.23%[1]	1.23%	1.24%	1.25%	1.25%	1.23%	1.26%	1.26%
Contingent liabilities (in thousands)	**$23,930**	**$4,131**	**$4,684**	**$5,572**	**$3,407**	**$10,663**	**$7,803**	**$6,734**	**$73,594**	**$1,334**
Contingent liabilities as a percentage of equity	8.4%	0.4%	0.3%	0.3%	0.2%	0.5%	0.4%	0.3%	2.9%	0.0%
NCUSIF loss per $1,000 of insured shares	**$0.34**	**$0.26**	**$0.30**	**$0.38**	**$0.38**	**$0.58**	**$0.51**	**$0.83**	**$0.51**	**$0.25**
OPERATING RATIOS										
Premium income	66.0%	15.7%	—	—	—	—	—	19.9%	44.5%	—
Interest income	33.0%	83.6%	99.7%	99.7%	99.6%	98.5%	99.3%	78.6%	53.5%	97.1%
Other income	1.0%	0.7%	0.3%	0.3%	0.4%	1.5%	0.7%	1.5%	2.0%	2.9%
Operating expenses	11.4%	10.9%	13.9%	19.1%	20.8%	20.7%	21.9%	19.5%	16.6%	29.8%
Insurance losses	30.8%	25.4%	31.2%	49.4%	47.1%	62.9%	56.1%	78.6%	40.3%	41.0%
Other expenses	2.6%	—	—	—	—	—	—	—	—	—
Total expenses	**44.8%**	**36.3%**	45.1%	68.5%	67.9%	83.6%	78.1%	98.1%	56.9%	70.8%
Net income	**55.2%**	**63.7%**	**54.9%**	**31.5%**	**32.1%**	**17.4%**	**21.9%**	**1.9%**	**43.1%**	**29.2%**
INVOLUNTARY LIQUIDATIONS COMMENCED										
Number	38	31	36	33	35	54	83	89	81	54
Share payouts (in thousands)	$34,840	$15,499	$22,168	$3,213	$36,110	$21,687	70,875	$117,710	$124,857	$57,303
Share payouts as a percentage of total insured shares	0.039%	0.014%	0.020%	0.002%	0.023%	0.013%	0.040%	0.067%	0.057%	0.024%

[1] IN JULY 1986, THE NCUA BOARD APPROVED A CHANGE IN THE INSURANCE YEAR FROM DECEMBER 31 TO JUNE 30. EFFECTIVE WITH FISCAL YEAR 1986, THE EQUITY PERCENTAGE IS BASED UPON JUNE 30 INSURED SHARES.

TEN-YEAR TREND
SEPTEMBER 30

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
MERGERS—FISCAL YEAR										
Assisted	92	63	58	55	50	60	81	41	33	17
Unassisted	550	514	515	489	464	395	386	357	352	328
ASSISTANCE TO AVOID LIQUIDATION										
Capital notes and other cash advances outstanding	$36,413	$33,266	$22,396	$5,031	$5,117	$39,360	$67,891	$35,101	$101,228	$6,634
Non-cash guaranty accounts	$54,213	$36,946	$39,903	$39,564	$41,127	$53,959	$98,576	$179,595	$88,286	16,587
Number of active cases	72	45	30	16	25	43	42	51	27	15
NUMBER OF PROBLEM CASE INSURED CREDIT UNIONS (CODE 4 & 5)										
Number	872	742	794	929	1,022	794	678	685	608	474
Shares (millions)	$4,071	$4,055	$6,611	$8,135	$10,600	$8,400	$9,400	$10,400	$7,400	$4,300
Problem case shares as a percentage of insured shares	4.7%	3.9%	4.9%	4.9%	6.3%	4.8%	4.9%	5.2%	3.4%	1.8%

TEN-YEAR TREND
DECEMBER 31

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993[1]
SHARES IN INSURED CREDIT UNIONS (IN MILLIONS)[2]										
Federal credit unions	$57,927	$71,615	$86,709	$94,927	$104,431	$109,653	$117,881	$127,316	$142,139	154,000
State credit unions	26,327	37,917	47,476	51,417	55,217	57,518	62,082	72,467	87,386	95,000
Total shares	**$84,254**	**$109,532**	**$134,185**	**$146,344**	**$159,648**	**$167,171**	**$179,963**	**$199,783**	**229,525**	**249,000**
NUMBER OF MEMBER ACCOUNTS IN INSURED CREDIT UNIONS (IN THOUSANDS)										
Federal credit unions	28,170	29,576	31,041	32,067	57,235	53,301	55,222	57,077	58,366	60,000
State credit unions	15,205	15,689	17,362	17,999	27,376	32,547	30,726	33,646	34,749	36,000
Total	**43,375**	**45,265**	**48,403**	**50,066**	**84,611**	**85,848**	**85,948**	**90,723**	**93,115**	**96,000**
NUMBER OF INSURED CREDIT UNIONS										
Federal credit unions	10,547	10,125	9,758	9,401	9,118	8,821	8,539	8,229	7,908	7,700
State credit unions	4,645	4,920	4,935	4,934	4,760	4,552	4,349	4,731	4,686	4,600
Total	**15,192**	**15,045**	**14,693**	**14,335**	**13,878**	**13,373**	**12,888**	**12,960**	**12,594**	**12,300**
Shares in insured credit unions as a percentage of all credit union shares	82.0%	91.6%	96.4%	96.0%	96.1%	96.0%	96.0%	96.2%	96.4%	97.0%
State credit union portion of insured shares	31.3%	34.6%	35.4%	35.1%	34.6%	34.4%	34.6%	36.3%	38.1%	38.2%

[1] ESTIMATED AMOUNTS AS OF DECEMBER 31, 1993.
[2] INSURED SHARES IN FEDERALLY INSURED NATURAL PERSON CREDIT UNIONS ONLY.

Corporate Credit Unions Meeting Challenge

Forty-four state or regional corporate credit unions and U.S. Central Credit Union provide investment, liquidity, and payment services to member credit unions. Today they are challenged to remain competitive and keep up with the market.

NCUA substantially revised corporate regulation in 1992, expanding their investment, lending, and borrowing authority and instituted risk-based reserve requirements, and protections against conflict of interest. Also, in 1992 the NCUA Board centralized the corporate credit union examination program, providing needed consistency and timely response to corporate issues.

As a result of these two actions, corporate credit union capital formation and diversification made great strides in 1993—within a safe and sound environment ensured by active, consistent, and professional supervision.

In 1993, the NCUA Board established separate fidelity bond coverage requirements for corporate credit unions based on asset size, raising both minimum coverage amounts and maximum deductibles.

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

	1988	1989	1990	1991	1992	1993[3]
Number	30	30	31	33	35	37
Assets	$13,996.9	$17,206.4	$25,493.8	$31,014.8	$37,823.7	$39,058.8
Loans	1,584.7	1,026.2	1,172.4	1,172.8	1,159.2	1,199.2
Shares	11,234.6	14,501.6	20,012.3	25,856.9	31,891.2	31,392.4
Reserves	146.6	172.5	218.0	315.1	412.2	466.8
Undivided earnings	69.6	82.6	96.9	120.1	159.7	191.2
Gross income	1,084.1	1,485.4	1,904.1	1,928.3	1,746.7	2,268.2
Operating expenses	33.8	41.6	54.9	70.6	79.81	97.8
Interest on borrowing	139.7	260.0	323.9	285.5	238.61	334.8
Dividends and interest on deposits	877.4	1,145.4	1,465.5	1,457.6	1,291.61	1,674.2
Reserve transfers	16.8	18.8	27.8	40.4	45.01	61.5
Net income	17.2	19.9	32.5	74.2	91.71	99.9

SIGNIFICANT RATIOS

	1988	1989	1990	1991	1992	1993[3]
Reserves to assets	1.0%	1.0%	0.9%	1.0%	1.1%	1.2%
Reserves and undivided earnings to assets	1.5	1.5	1.2	1.4	1.5	1.7
Reserves to loans	9.3	16.8	18.6	26.9	35.6	38.9
Loans to shares	14.1	7.1	5.9	4.5	3.6	3.8
Operating expenses to gross income	3.1	2.8	2.9	3.7	4.62	4.3
Salaries and benefits to gross income	1.3	1.1	1.0	1.3	2.1	1.8
Dividends to gross income	80.9	77.1	77.0	75.6	73.3	73.8
Yield on average assets	8.2	9.5	8.9	6.8	5.1	5.9
Cost of funds to average assets	7.7	9.0	8.4	6.2	4.4	5.2
Gross spread	0.5	0.5	0.5	0.6	0.6	0.7
Net income divided by gross income	1.6	1.3	1.7	3.8	5.2	4.4
Yield on average loans	9.1	13.3	9.8	8.0	6.2	6.1
Yield on average investments	8.2	9.5	9.1	6.9	5.2	5.8

NOTE: TO PREVENT DOUBLE COUNTING, U.S. CENTRAL CREDIT UNION IS EXCLUDED FROM TOTALS.
[1]ESTIMATED.
[2]MONTH OF DECEMBER.
[3]JUNE 30; RATIOS ANNUALIZED.

FEDERAL CORPORATE CREDIT UNIONS – JUNE 30

CORPORATE NAME	CITY, STATE	ASSETS (IN MILLIONS)
Capital Corporate	Landover, Maryland	$ 1,083.1
Eastern Corporate	Stoneham, Massachusetts	892.9
Empire Corporate	Albany, New York	1,950.5
Indiana Corporate	Indianapolis, Indiana	1,010.7
Kentucky Corporate	Louisville, Kentucky	270.4
LICU Corporate	Endicott, New York	6.5
Mid-Atlantic Corporate	Harrisburg, Pennsylvania	1,328.3
Mid-States Corporate	Naperville, Illinois	1,803.9
Nebraska Corporate Central	Omaha, Nebraska	103.5
Pacific Corporate	Honolulu, Hawaii	429.6
RICUL Corporate	Warwick, Rhode Island	200.1
South Dakota Corporate Central	Sioux Falls, South Dakota	53.5
Southeast Corporate	Tallahassee, Florida	1,935.0
Southwest Corporate	Dallas, Texas	5,801.9
System United Corporate	Arvada, Colorado	755.7
Tricorp Federal Credit Union	Westbrook, Maine	372.5
Virginia League Corporate	Lynchburg, Virginia	598.2
Western Corporate	Pomona, California	12,031.9
Total		**$ 30,628.2**

FEDERALLY INSURED STATE CORPORATE CREDIT UNIONS – JUNE 30

CORPORATE NAME	CITY, STATE	ASSETS (IN MILLIONS)
Alabama Corporate	Birmingham, Alabama	$ 376.8
Carolina Corporate, The	Columbia, South Carolina	356.8
Central Credit Union Fund, Inc.	Worcester, Massachusetts	213.6
Constitution State Corporate	South Wallingford, Connecticut	1,215.1
Corporate Central Credit Union	Salt Lake City, Utah	266.6
Corporate Credit Union of Arizona	Phoenix, Arizona	488.6
Corporate One	Columbus, Ohio	1,666.5
Federacion de Cooperativas	San Juan, Puerto Rico	92.9
First Carolina Corporate	Greensboro, North Carolina	565.4
Georgia Central	Duluth, Georgia	786.5
Idaho Corporate	Boise, Idaho	101.5
Iowa League Corporate	Des Moines, Iowa	310.8
Kansas Corporate	Wichita, Kansas	328.7
Louisiana Corporate	New Orleans, Louisiana	98.2
Minnesota Corporate	St. Paul, Minnesota	355.8
Oklahoma Corporate	Tulsa, Oklahoma	385.3
Oregon Corporate Central	Beaverton, Oregon	390.1
Washington Corporate Central	Bellevue, Washington	271.7
West Virginia Corporate	Parkersburg, West Virginia	159.7
Total		**$ 8,430.6**
U.S. Central Credit Union	Overland Park, Kansas	$ 27,064.2

NOTE: TO PREVENT DOUBLE COUNTING OF ASSETS, U.S. CENTRAL CREDIT UNION IS EXCLUDED FROM TOTAL.

ALMC's Total Recoveries Rise 31 Percent

J. Leonard Skiles
President,
Asset Liquidation
Management Center

NCUA's Asset Liquidation Management Center increased its total recoveries by 31 percent in fiscal year 1993 even though it handled fewer credit union liquidations and dissolutions than it did in 1992.

Total recoveries came to $130 million and the total cost of these recoveries was 9.3 percent, down from 11.6 percent in 1992. ALMC processed 22 new liquidations and 31 purchase and assumptions during the year. Although total expenses increased approximately $500,000, the increase was more than offset by the increased recoveries. The cost of these recoveries included all ALMC expenses—its own staff, contractors, and all outside legal and professional assistance.

ALMC cut in half the average time for paying member accounts following liquidation.

Following these 22 liquidations, ALMC paid out 22,869 member accounts totaling $26,247,458 shares. As a result of the overall decrease in liquidation activity and with improved payout procedures, ALMC cut in half the average time for paying member accounts following liquidation—1.32 days during 1993 compared to 2.59 days in 1992.

Generally, the assets assigned to ALMC for management are of poor quality. For the most part, the better assets are sold individually and those which cannot be easily marketed are sold in bulk. Several bulk sales of both consumer and real estate loans were completed in 1993, including sales of charge-offs and inactive accounts, for a total of $53.4 million.

Over $22 million in principal and interest was collected on consumer loans. Interest collections of over $4.1 million exceeded the expense of collection by 35.5 percent. The overall expense of collections, commissions, legal, and other professional expenses remained at 11.5 percent.

On September 30, ALMC was managing 146 liquidations, including consumer loans of $59.1 million. It was managing and marketing another 185 real estate assets totaling $51.9 million. Seventeen bond claims with a potential recovery value of $18.3 million were in various states of recovery. In 1993, 25 bond claims were settled, 17 within six months of assignment, an unusually short turnaround.

In addition, ALMC sold the remaining loan portfolio owned and managed by the Texas Share Guaranty Corporation for $1.6 million, at no cost to the Texas Credit Union Commission. This assistance completed the conversion to federal insurance of all state-chartered credit unions in Texas.

While significant, recoveries represent only a portion of ALMC's activity. It also provides assistance to the regions in preparing for liquidations and in evaluating credit union assets. In addition, in 1993 ALMC staff responded to almost 73,000 telephone inquiries and answered 6,500 pieces of correspondence from credit union members and the public.

Central Liquidity Facility's Assets Increase 13 Percent to $632 Million

During fiscal year 1993, the Central Liquidity Facility, due to the cooperative relationship with corporate credit unions, was able to maintain an efficient and effective operation.

Assets increased 13 percent to $632 million. Most of the increase was due to the annual stock subscription. Lending activity was minimal and on September 30 loans outstanding were $1.05 million.

Operating expenses decreased by 1 percent with the total of $767,000 coming under the Congressionally approved ceiling. Operating expenses were 4.1 percent of total revenue. Dividends totalling $17 million were paid during 1993. Retained earnings at year-end were $10.9 million.

CLF's credit facilities are provided through the U.S. Treasury's Federal Financing Bank and are backed by the credit standing of the U.S. Government. Because of this secure backing, credit unions benefit from a potentially lower cost of funds and the certainty that funds will always be available in a crisis.

As a specialized industry lender concerned solely with meeting the liquidity needs of credit unions, CLF stands ready to serve the most important aspect of the credit union system—the credit union member.

Ron Lewandowski
President,
Central Liquidity Facility

FINANCIAL HIGHLIGHTS
SEPTEMBER 30 (IN THOUSANDS)

OPERATING RESULTS	1993	1992
Net income	$ 17,703	$ 20,270
Dividends	$ 17,185	$ 19,551
Retained earnings	$ 10,866	$ 10,348
Assets	$ 632,206	$ 560,571
Equity	$ 622,187	$ 550,265
Loans to members	$ 1,050	
Members via agents	13,000	13,500
Direct members	168	180

Expenses Well Below 1993 Budget, Total Revenue Exceeds Expenses

NCUA's financial condition continued to remain strong during fiscal year 1993. Total operating expenses were significantly below budget and revenue exceeded expenses, causing the Operating Fund's fund equity balance to increase from $10.4 million to $14.3 million as of September 30.

Despite continuing efforts to minimize budget variances, operating expenses were 5.5 percent below budget for the second year in a row. Most of this variance was caused by the unexpected loss of hiring flexibility previously granted to NCUA by the Office of Personnel Management.

NCUA had been granted the authority to independently recruit and hire the best qualified individuals available, but has now been forced to return to the use of OPM's central register system. This system has resulted in dramatically greater time lags in hiring qualified individuals to fill vacant positions.

In November the NCUA Board approved changing NCUA's fiscal year and the insurance year to coincide with the calendar year. This change will be effective on January 1, 1995, and will be accomplished through a three-month transition quarter which will begin on October 1, 1994. There will be no operating fee assessment for federal credit unions to cover the transition quarter. As a result, it is expected that the Operating Fund's fund equity balance will decline from $10 million to $11 million due to the net operating loss which will be recorded during the transition period.

Herbert S. Yolles
Controller

The cost of NCUA's operations is shared by the National Credit Union Share Insurance Fund and NCUA's Operating Fund. Insurance-related operating expenses are allocated each month to the NCUSIF through an accounting procedure known as the overhead transfer. The rate used for this transfer is based on an annual study of staff time, and is currently 50 percent.

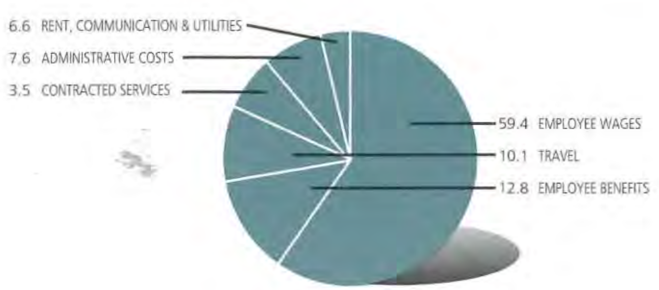
Revenue to fund the cost of operations comes primarily from operating fees collected annually from federal credit unions and earnings on NCUSIF investments. In addition, the Operating Fund receives lesser amounts of income from U.S. Treasury investments of idle cash and miscellaneous income from sources such as the sale of publications.

There will be no operating fee assessment for federal credit unions to cover the transition quarter.

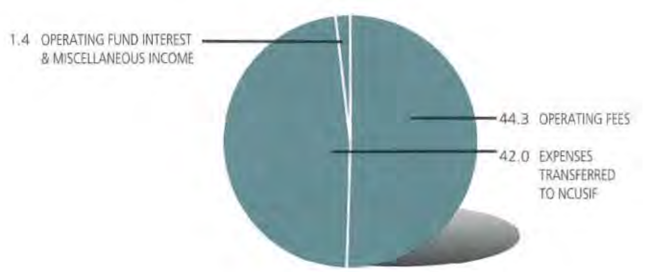
The operating fee assessment is calculated by applying the assessment rate scale to the assets of individual federal credit unions as of June 30 of the previous fiscal year. Due to continued strong asset growth and an increase of only 1.9 percent in NCUA's operating budget, no increase was made in the rate scale for the second year in a row.

The Operating Fund's total revenue of $45.9 million for fiscal year 1993 was above original budget projections by $833,000 or 1.9%. However, interest earnings for the year were below budget and were lower than the previous year's earnings due to extremely low interest rates. As required by law, all investments must be made in U.S. Treasury securities.

WHERE THE FISCAL 1993 BUDGET WAS SPENT
(BY PERCENT)



FISCAL YEAR 1993 FUNDING SOURCES
(IN MILLIONS)



The completion of NCUA's new headquarters office building is reflected on the Operating Fund's balance sheet. Base construction costs were $37.1 million and the total capitalized asset value, including land, is $40.2 million. The project was completed at about 5 percent below the budget approved by the NCUA Board.

For the ninth 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 1993 and 1992 follow.

NCUA Consolidated Audit Opinion and Financial Statements
For The Years Ended September 30, 1993 and 1992

Report of Independent Accountants

To the Inspector General of the
National Credit Union Administration

In our opinion, the financial statements appearing on pages 24 through 43 of this report present fairly, in all material respects, the financial position of the National Credit Union Administration's Operating Fund (pages 24-28), of the Share Insurance Fund (pages 29-36), and of the Central Liquidity Facility (pages 37-43), at September 30, 1993 and 1992, 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 reasonable basis for the opinion expressed above.

Price Waterhouse

Price Waterhouse
Washington, D.C.
November 5, 1993

NATIONAL CREDIT UNION ADMINISTRATION—OPERATING FUND
BALANCE SHEETS

	SEPTEMBER 30, 1993	1992
ASSETS		
Cash and cash equivalents	$ 17,678,428	$ 13,081,498
Due from National Credit Union Share Insurance Fund (Note C)	837,860	1,599,704
Employee advances	223,130	256,358
Other accounts receivable	733,631	806,195
Prepaid expenses	302,895	381,949
Construction in progress		11,211,181
Office building and land, net of accumulated depreciation of $318,372 and $195,031	42,351,070	2,181,476
Furniture and equipment, net of accumulated depreciation of $8,484,518 and $7,489,018	1,626,851	2,328,479
Leasehold improvements, net of accumulated amortization of $556,779 and $468,980	74,001	87,799
Employee residences held for resale	52,862	232,305
Total assets	**$ 63,880,728**	**$ 32,166,944**
LIABILITIES AND FUND BALANCE		
Accounts payable	$ 3,695,301	$ 3,063,114
Accrued wages and benefits	2,156,744	2,076,351
Accrued annual leave	4,157,747	3,965,629
Accrued employee travel	719,670	794,202
Notes payable to National Credit Union Share Insurance Fund (Note C)	38,879,766	11,899,432
Total liabilities	**49,609,228**	**21,798,728**
Fund balance:		
Available for operations	12,150,960	6,226,408
Invested in fixed assets, net	2,120,540	4,141,808
Total fund balance	**14,271,500**	**10,368,216**
Commitments (Note D)		
Total liabilities and fund balance	**$ 63,880,728**	**$ 32,166,944**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

NATIONAL CREDIT UNION ADMINISTRATION—OPERATING FUND
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE

	SEPTEMBER 30, 1993	1992
REVENUE		
Operating fees	$ 44,292,242	$ 40,242,614
Interest	989,417	1,160,326
Other	651,416	722,147
Total revenue	**45,933,075**	**42,125,087**
EXPENSES (NOTE C)		
Employee wages and benefits	30,120,075	28,601,962
Travel	4,336,071	4,627,440
Rent, communications, and utilities	2,768,506	2,489,130
Contracted services	1,446,345	1,925,030
Other	3,358,794	3,626,840
Total administrative expenses	**42,029,791**	**41,270,402**
Excess of revenue over expenses	3,903,284	854,685
Fund balance at beginning of year	10,368,216	9,513,531
Fund balance at end of year	$14,271,500	$10,368,216

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

NATIONAL CREDIT UNION ADMINISTRATION—OPERATING FUND
STATEMENTS OF CASH FLOWS

	SEPTEMBER 30, 1993	1992
Cash flows from operating activities		
Excess of revenue over expenses	$ 3,903,284	$ 854,685
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities		
Depreciation and amortization	1,213,428	1,668,515
Changes in operating assets and liabilities		
Amounts due from National Credit Union Share Insurance Fund	761,844	62,986
Employee advances	33,228	75,439
Other accounts receivable	72,564	(314,867)
Prepaid expenses	79,054	(119,158)
Employee residences held for resale	179,443	(232,305)
Accounts payable	632,188	111,514
Accrued wages and benefits	80,393	(1,705,379)
Accrued annual leave	192,118	353,818
Accrued employee travel	(74,532)	56,344
Net cash provided by operating activities	7,073,012	811,592
Cash flows from investing activities		
Purchases of fixed assets	(374,662)	(1,231,660)
Construction in progress	(29,081,754)	(11,211,181)
Net cash used in investing activities	(29,456,416)	(12,442,841)
Cash flows from financing activities		
Repayments of note payable	(72,000)	(72,000)
Proceeds from note payable	27,052,334	10,062,666
Net cash provided by financing activities	26,980,334	9,990,666
Net increase (decrease) in cash and cash equivalents	**4,596,930**	**(1,640,583)**
Cash and cash equivalents at beginning of year	**13,081,498**	**14,722,081**
Cash and cash equivalents at end of year	**$ 17,678,428**	**$ 13,081,498**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

NATIONAL CREDIT UNION ADMINISTRATION—OPERATING FUND

Notes to Financial Statements
September 30, 1993 and 1992

NOTE A—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 services to the Federal Credit Union System.

NOTE B—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 fiscal years 1993 and 1992 were cash equivalents 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 years for the building and three to ten years for the furniture and equipment and leasehold improvements. No depreciation was provided on construction in progress until placed into service. Interest costs related to the building are capitalized as incurred.

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 June 30. 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 fiscal year.

INCOME TAXES

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

During fiscal year 1993, the Fund adopted Financial Accounting Standards Board Statement (SFAS) 107, "Disclosure about Fair Value of Financial Instruments," which requires a disclosure of the fair value of financial instruments for which it is practicable to estimate such value. In cases where quoted market prices are not available, fair values are based on estimates using other valuation techniques. SFAS 107 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Fund.

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

NOTE C—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 in the years ended September 30, 1993 and 1992. The cost of the services allocated to NCUSIF, which totaled approximately $42,030,000 and $41,270,000 for the years ended September 30, 1993 and 1992, respectively, are reflected as a reduction of the corresponding expenses in the accompanying financial statements.

In fiscal year 1988, the Fund entered into a $2,160,766 thirty-year unsecured term note with NCUSIF, for the purchase of a building. The note is being repaid in monthly principal installments of $6,000 with interest at a variable rate. The average interest rate during fiscal years 1993 and 1992 was approximately 5.40% and 6.77% respectively. The total interest paid in fiscal years 1993 and 1992 was $100,481 and $127,344, respectively. The outstanding principal balance at September 30, 1993 and 1992, was $1,764,766 and 41,836,766, respectively.

In fiscal year 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 are being drawn as needed to fund the costs of constructing a new building. Interest on monies drawn is payed monthly at a variable rate. Occupancy of the building began in September 1993. The terms of repayment of the principal balance will become effective October 1993. The note will be repaid in monthly principal installments plus interest at a variable rate. The average interest rate during fiscal year 1993 was approximately 5.40% and interest paid and capitalized during fiscal years 1993 and 1992 totaled $1,342,933 and $375,637, respectively. The note payable balance at September 30, 1993 and 1992, was $37,115,000 and $10,062,666, respectively.

The variable rate on both term notes is equal to NCUSIF's prior yield on investments.

NOTE D—COMMITMENTS

The Fund leases office space under lease agreements which expire through 1998. Office rental charges amounted to approximately $3,268,000 and $3,095,000 of which approximately $1,634,000 and $1,548,000 was reimbursed by NCUSIF for the years ended September 30, 1993 and 1992, 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 September, 30, 1993, are as follows:

1994	$ 710,771
1995	747,151
1996	795,772
1997	844,562
1998	790,010
Thereafter	1,093,172
	$ 4,981,438

Based on the allocation factor approved by the NCUA Board for fiscal year 1993, NCUSIF will reimburse the Fund for approximately 50% of the future lease payments.

NOTE E—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. The Fund's contributions to the plans were approximately $5,865,000 and $5,349,000 of which $2,933,000 and $2,675,000 were reimbursed by NCUSIF for the years ended September 30, 1993 and 1992, respectively.

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

NOTE F—SUBSEQUENT EVENT

On October 27, 1993, NCUSIF advanced $3,104,478 to the Fund under the 1992 note to purchase the King Street office building. These funds relate to consultant fees incurred and capitalized in fiscal year 1993.

NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEETS

	SEPTEMBER 30, 1993	1992
ASSETS		
Investments (Note E)	$ 2,617,934,083	$ 1,993,802,203
Cash, including cash equivalents of $156,038,903 and $417,395,214 (Note E)	156,049,424	417,400,699
Accrued interest receivable	33,238,002	32,614,959
Assets acquired in assistance to insured credit unions	59,138,891	126,278,851
Capital notes advanced to insured credit unions	6,633,800	101,227,509
Notes receivable—National Credit Union Administration Operating Fund (Note H)	38,879,766	11,899,432
Other notes receivable (Note F)	1,136,833	12,797,592
Total assets	**$ 2,913,010,799**	**$ 2,696,021,245**
LIABILITIES AND FUND CAPITALIZATION		
Estimated losses from supervised credit unions (Note C)	$ 85,979,605	$ 119,799,000
Estimated losses from asset and merger guarantees (Note C)	3,929,742	4,671,000
Amounts due to insured shareholders of liquidated credit unions	7,646,060	12,685,022
Due to National Credit Union Administration Operating Fund (Note H)	837,860	1,599,704
Accounts Payable	364,564	1,817,331
Total liabilities	**98,757,831**	**140,572,057**
Fund capitalization		
Insured credit unions' accumulated contributions (Note D)	2,208,979,418	1,992,851,578
Insurance fund balance	605,273,550	562,597,610
Total fund capitalization	**2,814,252,968**	**2,555,449,188**
Commitments (Notes C, H and I)		
Total liabilities and fund capitalization	**$ 2,913,010,799**	**$ 2,696,021,245**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

NATIONAL CREDIT UNION SHARE INSURANCE FUND
STATEMENTS OF OPERATIONS

	SEPTEMBER 30, 1993	1992
ASSETS		
Interest	$ 142,027,215	$ 148,658,417
Premiums		123,874,279
Other	4,222,835	5,512,054
Total Revenue	**146,250,050**	**278,044,750**
EXPENSES		
Administrative expenses (Note H)		
Employee wages and benefits	30,917,427	29,323,187
Travel	4,340,278	4,684,639
Rent, communications and utilities	2,768,508	2,489,131
Contracted services	1,446,344	2,104,860
Other	4,101,553	7,559,428
Total administrative expenses	**43,574,110**	**46,161,245**
Provisions for insurance losses	60,000,000	112,000,000
Total expenses	**103,574,110**	**158,161,245**
Excess of revenue over expenses	$ 42,675,940	$ 119,883,505

THE ACCOMPANYING NOTES ARE IN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

NATIONAL CREDIT UNION SHARE INSURANCE FUND
STATEMENTS OF INSURED CREDIT UNIONS' ACCUMULATED CONTRIBUTIONS AND INSURANCE FUND BALANCE

	INSURED CREDIT UNIONS' ACCUMULATED CONTRIBUTIONS	INSURANCE FUND BALANCE
Balance at September 30, 1991	$ 1,814,410,269	$ 442,714,105
Contributions from insured credit unions	188,593,176	
Refunds of contributions from insured credit unions	(10,151,867)	
Excess of revenue over expenses		119,883,505
Balance at September 30, 1992	1,992,851,578	562,597,610
Contributions from insured credit unions	229,849,617	
Refunds of contributions from insured credit unions	(13,721,777)	
Excess of revenue over expenses		42,675,940
Balance at September 30, 1993	$ 2,208,979,418	$ 605,273,550

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

NATIONAL CREDIT UNION SHARE INSURANCE FUND
STATEMENTS OF CASH FLOWS

	SEPTEMBER 30, 1993	1992
Cash flows from operating activities		
Excess of revenue over expenses	$ 42,675,940	$ 119,883,505
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities		
Amortization of investment premiums		19,702,889
Provision for insurance losses	60,000,000	112,000,000
Payments relating to losses from supervised credit unions and asset and merger guarantees, net	(94,560,653)	(122,443,000)
Changes in operating assets and liabilities		
Premium receivable		164,941,088
Accrued interest receivable	(623,043)	4,580,418
Assets acquired from credit unions, net	67,139,960	(2,794,284)
Advances to credit unions	94,593,709	(66,126,581)
Amounts due to National Credit Union Administration Operating Fund	(761,844)	(62,986)
Other notes receivable	11,660,759	35,912
Other receivables	—	2,108,774
Amounts due to insured shareholders of liquidated credit unions	(5,038,962)	(5,473,473)
Unearned premium revenue		(123,705,816)
Accounts payable	(1,452,767)	1,350,471
Net cash provided by operating activities	173,633,099	103,966,917
Cash flows used in investing activities		
Investments, net	(624,131,880)	(90,360,827)
Issuance of note receivable— National Credit Union Administration Operating Fund	(27,052,334)	(10,062,666)
Collections on note receivable— National Credit Union Administration Operating Fund	72,000	72,000
Net cash used in investing activities	(651,112,214)	(100,351,493)
Cash flows from financing activities		
Contributions from insured credit unions	229,849,617	188,593,176
Refunds of contributions from insured credit unions	(13,721,777)	(10,151,867)
Net cash provided by financing activities	216,127,840	178,441,309
Net (decrease) increase in cash and cash equivalents	(261,351,275)	182,086,733
Cash and cash equivalents at beginning of year	417,400,699	235,313,966
Cash and cash equivalents at end of year	$ 156,049,424	$ 417,400,699

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

NATIONAL CREDIT UNION SHARE INSURANCE FUND

Notes to Financial Statements September 30, 1993 and 1992

NOTE A—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 D. 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 are 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 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.

NOTE B —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. Investments are stated at cost adjusted for amortization of premium and accretion of discount. Cash equivalents are highly liquid investments with original maturities of three months or less.

ADVANCES TO INSURED CREDIT UNIONS

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

ASSETS ACQUIRED FORM 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 June 30 of the preceding insurance year. The NCUA Board assessed such a premium for the insurance year ending June 30, 1992. This assessment was recognized as revenue on a pro rata basis over the insurance year, and, therefore, resulted in premium income of $0 and $123,874,279 for the years ended September 30, 1993 and 1992, respectively. The NCUA Board waived the 1993 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

During fiscal year 1993, the Fund adopted Financial Accounting Standards Board Statement (SFAS) 107, "Disclosure about Fair Value of Financial Instruments," which requires a disclosure of the fair value of financial instruments for which it is practicable to estimate such value. In cases where quoted market prices are not available, fair values are based on estimates using other valuation techniques. SFAS 107 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Fund.

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—The fair value of advances to insured credit unions is not practicable to estimate as there is no secondary market and the Fund holds these notes to maturity. Therefore, carrying value is considered to approximate fair value.

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

NOTE C—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 $1,300,000 and $73,600,000 at September 30, 1993 and 1992, 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 September 30, 1993 and 1992, are approximately $5,000,000 and $1,900,000, respectively. Total line-of-credit guarantees of credit unions at September 30, 1993 and 1992, are approximately $159,090,000 and $126,240,000, respectively.

The activity in the reserves for estimated losses from supervised credit unions and asset and merger guarantees for the years ended September 30, 1993 and 1992, was as follows:

	YEAR ENDED SEPTEMBER 30, 1993	1992
Beginning balance	$ 124,470,000	$ 134,913,000
Provision for insurance losses	60,000,000	112,000,000
Insurance losses and transfers to the allowance for losses on acquired assets	(132,030,619)	(157,827,789)
Recoveries	37,469,966	35,384,789
Ending balance	$ 89,909,347	$ 124,470,000

NOTE D—FUND CAPITALIZATION

Title VII 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 June 30 of the preceding fiscal 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 aggregate contributions of $2,208,979,418 at September 30, 1993, consist of $2,125,106,395 of insured credit union accumulated contributions and $83,873,023 of the previously accumulated fund balance which was designated by the NCUA Board as a component of credit union accumulated contributions in 1984. Total insured shares as June 30, 1993 were $236,524,000,000 for which additional net contributions of approximately $156,000,000 will be payable to the Fund in January 1994.

SEPTEMBER 30, 1993

	YIELD TO MATURITY AT MARKET	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED MARKET VALUE
Cash Equivalents					
U.S. Treasury Securities					
Overnight funds	3.47%	$ 170,205,000			$ 170,205,000
U.S. Treasury Securities					
Maturities up to one year	6.52	$ 857,269,425	$ 7,902,450		$ 865,171,875
Maturities after one year through five years	5.90	1,760,664,658	37,694,717		1,798,359,375
		$ 2,617,934,083	$ 45,597,167		$ 2,663,531,250

SEPTEMBER 30, 1993

	YIELD TO MATURITY AT MARKET	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED MARKET VALUE
Cash Equivalents					
U.S. Treasury Securities					
Overnight funds	3.77%	$ 417,395,214			$ 417,395,214
U.S. Treasury Securities					
Maturities up to one year	8.51	$ 956,713,851	$ 20,973,649		$ 977,687,500
Maturities after one year through five years	7.01	1,037,088,352	24,661,648		1,061,750,000
		$ 1,993,802,203	$ 45,635,297		$ 2,039,437,500

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 September 30, 1993 and 1992, was 1.26% and 1.26%, respectively.

The NCUA Board did not declare any dividends during 1993 or 1992.

NOTE E—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.

Cash equivalents and investments are shown in the tables on the preceding page.

Total investment purchases during fiscal years 1993 and 1992 were approximately $2,540,601,563 and $940,468,750, respectively. Investment maturities during fiscal years 1993 and 1992 were approximately $950,000,000 and $850,000,000 respectively. The Fund has the capability and management has the intention to hold all investments held at September 30, 1993, to maturity. In fiscal year 1993, the Fund extended a major portfolio holding along the yield curve which resulted in a $2,000,000 gain. There were no investment sales during fiscal year 1992.

NOTE F—OTHER NOTES RECEIVABLE

The Fund entered into both 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 5.66% to 11%.

NOTE G—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 1993 or 1992.

NOTE H—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 aproved 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 in the years ended September 30, 1993 and 1992. The cost of services provided by the NCUA Operating Fund was approximately $42,030,000 and $41,270,000 for 1993 and 1992, respectively, and includes pension contributions of approximately $2,932,000 and $2,675,000 to the Civil Service Retirement System and Federal Employees Retirement System defined benefit retirement plans for 1993 and 1992, respectively.

In fiscal year 1988, the Fund entered into a $2,160,766 thirty year unsecured term note with the the NCUA Operating Fund. The note is being repaid in monthly installments of $6,00 with interest at a variable rate. The average interest rate durng fiscal year 1993 and 1992 was approximately 5.40% and 6.77%, respectively. The note receivable balance at September 30, 1993 and 1992, was $1,764,766 and $1,836,766, respectively.

In fiscal year 1992, the Fund entered into a commitment to fund up to $41,975,000 in a thirty-year secured term note with NCUA Operating Fund. The monies are being advanced to the NCUA Operating Fund as needed to fund the costs of constructing a new building. Interest on monies advanced is paid monthly at a variable rate. Occupancy of the building began September 1993. The terms of repayment of the principal balance will become effective October 1993. The note will be repaid in monthly principal installments plus interest at a variable rate. The average interest rate during fiscal 1993 was approximately 5.40% and interest received during fiscal years 1993 and 1992 totaled $1,125,341 and $375,658, respectively. The note receivable balance at September 30, 1993 and 1992, was $37,115,000 and $10,062,666, respectively.

The variable rate on both term notes is equal to the Fund's prior month yield on investments.

The NCUA Operating Fund leases certain office space under lease agreements which expire through 1988. The future minimum aggregate lease payments through expiration of the leases are approximately $4,981,438 at September 30, 1993. Based on the allocation factor approved by the NCUA Board of Directors for fiscal year 1993, 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 $1,634,000 and $1,548,000 for 1993 and 1992, respectively. The amounts were derived using the current annual allocation factor.

NOTE I—COMMENTS

The Fund leases office space under a lease agreement which expires in 1997. The future minimum lease payments as of September 30, 1993, are as follows:

1994	$	75,155
1995		77,938
1996		85,361
1997		59,381
	$	**297,835**

NOTE J—SUBSEQUENT EVENT

On October 27, 1993, the Fund advanced to NCUA $3,104,478 under the 1992 note to purchase the King Street office building. These funds relate to consultant fees incurred and capitalized in fiscal year 1993.

NATIONAL CREDIT UNION CENTRAL LIQUIDITY FACILITY
BALANCE SHEETS
(IN THOUSANDS)

	SEPTEMBER 30, 1993	SEPTEMBER 30, 1992
ASSETS		
Cash	$ 8	$ 9
Investments	625,718	556,353
Loans to members	1,050	
Accrued interest receivable	5,430	4,209
Total assets	**$ 632,206**	**$ 560,571**
LIABILITIES AND EQUITY		
Liabilities		
Member deposits	$ 9,755	$ 10,087
Accounts payable and other liabilities	264	219
Total liabilities	**10,019**	**10,306**
Equity		
Capital stock–required	611,321	539,917
Retained earnings	10,866	10,348
Total equity	**622,187**	**550,265**
Commitments (Note 13)		
Total liabilities and equity	**$ 632,206**	**$ 560,571**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

NATIONAL CREDIT UNION CENTRAL LIQUIDITY FACILITY
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
(IN THOUSANDS)

	SEPTEMBER 30, 1993	SEPTEMBER 30, 1992
INCOME		
Income from investments	$ 18,641	$ 21,225
Income on loans	12	1,162
Other	1	4
Total income	**18,654**	**22,391**
EXPENSES		
Agent commitment fee	$ 376	$ 384
Personnel services	212	197
Other services	76	72
Rent, communications and utilities	43	42
Personnel benefits	26	26
Supplies and materials	16	22
Shipping and delivery		14
Employee travel	12	10
Printing and reproduction	6	8
Total operating expenses	**767**	**775**
Interest		
Federal Financing Bank		1,074
Member deposits	184	272
Total expenses	**951**	**2,121**
Net income	**17,703**	**20,270**
Dividends to members	17,185	19,551
Addition to retained earnings	518	719
Retained earnings at beginning of year	10,348	9,629
Retained earnings at end of year	$ 10,866	$ 10,348

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

NATIONAL CREDIT UNION CENTRAL LIQUIDITY FACILITY
STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	SEPTEMBER 30, 1993	1992
Cash flows from operating activities		
Income from investments	$ 17,430	$ 23,338
Interest received on loans	2	1,770
Other income received	1	4
Cash paid for operating expenses	(722)	(796)
Interest paid on borrowings		(1,649)
Net cash provided by operating activities	**16,711**	**22,667**
Cash flows from investing activities		
Investment maturities	76,714	326,084
Loan principal repayments	50	133,830
Purchase of investments	(146,079)	(370,760)
Loan disbursements	(1,100)	(19,250)
Net cash (used in) provided by investing activities	**(70,415)**	**69,904**
Cash flows from financing activities		
Proceeds from borrowings		15,000
Addition to member deposits	126	155
Issuance of required capital stock	75,221	46,612
Borrowing repayments		(128,580)
Withdrawal of member deposits	(17,827)	(23,353)
Redemption of required capital stock	(3,817)	(2,406)
Net cash provided by (used in) financing activities	**53,703**	**(92,572)**
Net decrease in cash	(1)	(1)
Cash at beginning of year	9	10
Cash at end of year	$ 8	$ 9

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

NATIONAL CREDIT UNION ADMINISTRATION—CENTRAL LIQUIDITY FACILITY

Notes to Financial Statements
September 30, 1993 and 1992

NOTE 1—ORGANIZATION AND PURPOSE

The National Credit Union Administration Central Liquidity Facility (CLF) was created by the National Credit Union Central Liquidity 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.

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 union and the credit union industry in general.

No allowance for loan losses was considered necessary at September 30,1993 and 1992.

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.

FAIR VALUE OF FINANCIAL INSTRUMENTS

During fiscal year 1993, the Fund adopted Financial Accounting Standards Board Statement (SFAS) 107, "Disclosure about Fair Value of Financial Instruments," which requires a disclosure of the fair value of financial instruments for which it is practicable to estimate such value. 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 fair value.

NOTE 3—GOVERNMENT REGULATIONS

The CLF was created by the Act and 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 September 30, 1993 and 1992, the CLF was in compliance with these limitations.

NOTE 4—LOANS TO MEMBERS

During fiscal year 1993, loans were made only to member credit unions. At September 30, 1993, loans outstanding carried interest rates which ranged from 3.39% to 3.49% and are scheduled to mature within one year. All loans outstanding at September 30, 1993, are loans to U.S. Central Credit Union in its capacity as agent of CLF (see Note 8). There were no loans outstanding at September 30, 1992.

The CLF also provides members with extended loan commitments and lines of credit. There were $180,500,000 in outstanding commitments or lines of credit which expired at September 30, 1993. Subsequent to September 30, 1993, lines of credit to members totaling $162,000,000 have been authorized.

During 1992, the CLF provided lines of credit for state insurance corporations. Advances against theses lines would be non-revolving and fully secured by a senior perfected security interest in negotiable, marketable securities acceptable to the CLF. Each line of credit called for a commitment fee of 1/4 of 1% per annum. All lines of credit expired during 1992 and, accordingly, no lines were available at September 30, 1992. Subsequent to September 30, 1992 no lines of credit have been authorized.

NOTE 5—INVESTMENTS

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

	YEAR ENDED SEPTEMBER 30, 1993	1992
U.S. Central (see Note 8)		
Redeposits	$ 546,826	$ 489,840
Share accounts	28,892	26,513
	575,718	516,353
Time deposits	50,000	40,000
	$ 625,718	$ 556,353

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 September 30, 1993 and 1992. 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 to one-half of one percent of the paid-in and unimpaired capital and surplus of all of the credit union 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 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—MEMBERSHIP INCREASE

During the year ended September 30, 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 September 30, 1993 and 1992, $584,064,000 and $511,780,000, 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 is initially committed to reinvest all but $50,000,000 of its total share capital in USC at market rates of interest. At September 30, 1993 and 1992, $575,718,000 and $516,353,000, respectively, were invested in USC share accounts at approximately 3.12% and 3.60% respective yields.

NOTE 9—RETAINED EARNINGS

It is CLF's policy to internally appropriate $600,000 of each year's additions to retained earnings. At September 30, 1993 and 1992, internally appropriated retained earnings totalled $9,006,000 and $8,406,000, respectively.

NOTE 10—CONCENTRATION OF CREDIT RISK

At September 30, 1993, the the CLF has a concentration of credit risk for investments with USC of $575,718,000 (see Note 5). There is no risk of loss in the event of nonperformance by USC.

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 lease payments. The CLF reimburses the National Credit Union Administration on a monthly basis for these items.

Total reimbursements for the years ended September 30, 1993 and 1992, amounted to approximately $266,000 and $306,000, respectively.

NOTE 12—PENSION PLAN

The employees of the CLF are participants in the Civil Service Retirement and Disability Fund (CSRDF) 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 years ended September 30, 1993 and 1992, were approximately $22,000 and $16,000, 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 buildings operating costs. CLF's rent expense for the years ending September 30, 1993 and 1992, was approximately $39,000 and $38,000, respectively.

NOTE 14—CASH FLOW INFORMATION

The reconciliation of net income to net cash provided by operating activities is shown on the table on the following page.

NATIONAL CREDIT UNION CENTRAL LIQUIDITY FACILITY
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES (IN THOUSANDS)

	SEPTEMBER 30, 1993	1992
Net income	**$ 17,703**	**$ 20,270**
Adjustments to reconcile net income to net cash provided by operating activities		
Increase (decrease) in accrued investment income receivable	(1,211)	2,113
Increase (decrease) in accrued loan interest receivable	(10)	608
Increase (decrease) in accounts payable and other liabilities	45	(21)
Decrease in accrued interest payable		(575)
Interest deposited in member deposits	184	272
Total adjustments	**(992)**	**2,397**
Net cash provided by operating activities	**$ 16,711**	**$ 22,667**
Supplementrary disclosures of non-cash transactions are as follows		
Rollovers		
Loans	$ 250	$133,242
Borrowings		125,742
Dividends added to member deposits	17,185	19,551

FEDERAL CREDIT UNIONS
TEN-YEAR SUMMARY, 1983 TO 1992
DECEMBER 31 (DOLLAR AMOUNTS IN MILLIONS)

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Number of credit unions	10,976	10,548	10,125	9,758	9,401	9,118	8,821	8,511	8,229	7,916
Number of members	26,798,799	28,191,922	29,578,808	31,041,142	32,066,542	34,438,304	35,612,317	36,241,607	37,080,854	38,205,128
Assets	$54,482	$63,656	$78,188	$95,484	$105,190	$114,565	$120,666	$130,073	$143,940	$162,544
Loans outstanding	33,201	42,133	48,241	55,305	64,104	73,766	80,272	83,029	84,150	87,633
Shares	49,889	57,929	71,616	87,954	96,346	104,431	109,653	117,892	130,164	146,078
Reserves[1]	2,007	2,541	2,884	3,312	3,725	4,216	4,690	5,158	5,539	6,176
Undivided earnings	1,281	1,592	2,063	2,506	3,023	3,567	4,072	4,594	5,338	6,793
Gross income	6,064	7,454	8,526	9,416	10,158	11,173	12,420	13,233	13,559	13,301
Operating expenses	2,045	2,314	2,674	3,115	3,585	3,931	4,364	4,730	5,068	5,329
Dividends	3,573	4,413	5,090	5,506	5,624	6,148	6,910	7,372	7,184	5,876
Reserve transfers	166	260	282	250	237	232	265	222	170	191
Net income	287	473	521	626	688	799	781	841	1,087	1,897
PERCENT CHANGE										
Total assets	19.8%	16.8%	22.8%	22.1%	10.2%	8.9%	5.3%	7.8%	10.7%	12.9%
Loans outstanding	17.8	26.9	14.5	14.6	15.9	15.1	8.8	3.4	1.3	4.1
Savings	20.6	16.1	23.6	22.8	9.5	8.4	5.0	7.5	10.4	12.2
Reserves	13.2	22.1	17.7	14.8	12.5	13.2	11.2	10.0	7.4	11.5
Undivided earnings	14.6	24.3	29.6	21.5	20.6	18.0	14.2	12.8	16.2	27.3
Gross income	12.2	22.9	14.4	10.4	7.9	10.0	11.2	6.5	2.5	-1.9
Operating expenses	12.2	13.2	15.6	16.5	15.1	9.7	11.0	8.4	7.1	5.1
Dividends	12.2	23.5	15.3	8.2	2.1	9.3	12.4	6.7	-2.6	-18.2
Net reserve transfers	12.9	56.6	8.5	-11.3	-5.2	-2.1	14.2	-16.1	-23.8	12.7
Net income	17.6	64.8	10.1	20.2	9.9	16.1	-2.3	7.6	29.3	74.5
SIGNIFICANT RATIOS										
Reserves to assets	3.7%	3.9%	3.7%	3.5%	3.5%	3.7%	3.9%	4.0%	3.8%	3.8%
Reserves and undivided earnings to assets	6.0	6.4	6.3	6.1	6.4	6.8	7.3	7.5	7.6	8.0
Reserves to loans	6.0	5.8	6.0	6.1	5.8	5.7	5.8	6.2	6.6	7.0
Loans to shares	66.5	72.7	67.4	62.9	66.5	70.6	73.2	70.4	64.6	60.0
Operating expenses to gross income	33.7	31.0	31.4	33.1	35.3	35.2	35.1	35.7	37.4	40.1
Salaries and benefits to gross income	14.4	13.6	13.6	14.1	14.6	14.8	14.7	15.0	15.7	17.4
Dividends to gross income	58.9	59.2	59.7	58.5	55.4	55.0	55.6	55.7	53.0	44.2
Yield on average assets	12.1	11.7	12.0	10.8	10.1	10.2	10.6	10.6	9.9	8.7
Cost of funds to average assets	7.1	7.0	7.2	6.4	5.6	5.7	6.0	5.9	5.3	3.9
Gross spread	5.0	4.7	4.8	4.5	4.5	4.5	4.6	4.6	4.6	4.8
Net income divided by gross income	4.7	6.3	6.1	6.6	6.8	7.2	6.3	6.4	8.0	14.3
Yield on average loans	13.7	12.4	13.5	12.7	11.6	11.3	11.5	11.4	11.2	10.4
Yield on average investments	10.2	11.0	9.5	7.9	7.7	7.9	8.4	8.3	7.0	5.5

[1]DOES NOT INCLUDE THE ALLOWANCE FOR LOAN LOSSES.
1993 DATA NOT AVAILABLE AT TIME OF PRINTING.

FEDERALLY INSURED STATE CREDIT UNIONS
TEN-YEAR SUMMARY, 1983 TO 1992
DECEMBER 31 (DOLLAR AMOUNTS IN MILLIONS)

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Number of credit unions	4,915	4,645	4,920	4,935	4,934	4,760	4,552	4,349	4,731	4,737
Number of members	14,277,816	15,205,029	15,689,048	17,362,780	17,998,921	18,518,969	18,939,127	19,453,940	21,619,223	23,859,447
Assets	$27,479	$29,188	$41,525	$52,244	$56,972	$60,740	$63,175	$68,133	$83,133	$98,767
Loans outstanding	17,215	19,951	26,168	30,834	35,436	39,977	42,373	44,102	49,268	53,727
Shares	24,297	26,327	37,917	48,097	52,083	55,217	57,658	62,082	75,626	89,648
Reserves[1]	1,341	1,409	1,781	2,147	2,423	2,612	2,872	3,047	3,620	4,238
Undivided earnings	655	728	1,065	1,253	1,458	1,651	1,945	2,241	2,952	3,910
Gross income	3,062	3,428	4,508	5,117	5,483	5,973	6,529	6,967	7,878	8,182
Operating expenses	1,024	1,060	1,364	1,655	1,884	2,078	2,216	2,412	2,860	3,203
Dividends	1,747	1,975	2,684	3,004	3,049	3,290	2,930	3,908	4,203	3,664
Reserve transfers	130	179	227	201	184	158	150	118	98	121
Net income	165	219	256	288	355	470	457	509	711	1,207
PERCENT CHANGE										
Total assets	14.1%	6.2%	42.3%	25.8%	9.0%	6.6%	4.0%	7.8%	22.0%	18.8%
Loans outstanding	12.6	15.9	31.2	17.8	14.9	12.8	6.0	4.1	11.7	9.1
Savings	12.3	8.4	44.0	26.8	8.3	6.0	4.4	7.7	21.8	18.5
Reserves	7.3	5.1	26.4	20.6	12.9	7.8	10.0	6.1	18.8	17.1
Undivided earnings	9.0	11.1	46.3	17.7	16.4	13.2	17.8	15.2	31.7	32.5
Gross income	6.4	12.0	31.5	13.5	7.2	8.9	9.3	6.7	13.1	3.9
Operating expenses	4.4	3.5	28.7	21.3	13.8	10.3	6.6	8.8	18.6	12.0
Dividends	10.3	13.1	35.9	11.9	1.5	7.9	-10.9	33.4	7.5	-12.8
Net reserve transfers	-0.8	37.7	26.8	-11.5	-8.5	-14.1	-5.1	-21.3	-16.9	23.5
Net income	-13.2	32.7	16.9	12.5	23.3	32.4	-2.8	11.4	39.7	69.8
SIGNIFICANT RATIOS										
Reserves to assets	4.9%	4.8%	4.3%	4.1%	4.3%	4.3%	4.5%	4.5%	4.4%	4.3%
Reserves and undivided earnings to assets	7.3	7.3	6.9	6.5	6.8	7.0	7.6	7.8	7.9	8.2
Reserves to loans	7.8	7.1	6.8	7.0	6.8	6.5	6.8	6.9	7.3	7.9
Loans to shares	70.9	75.8	69.0	64.1	68.0	72.4	73.5	71.0	65.1	59.9
Operating expenses to gross income	33.4	30.9	30.3	32.3	34.4	34.8	33.9	34.6	36.3	39.1
Salaries and benefits to gross income	14.4	13.6	13.4	13.9	14.5	14.5	14.4	14.7	15.4	16.9
Dividends to gross income	57.1	57.6	59.5	58.7	55.6	55.1	44.9	56.1	53.4	44.8
Yield on average assets	11.9	12.1	12.7	11.2	10.4	10.1	10.5	10.6	10.4	9.0
Cost of funds to average assets	6.9	7.1	7.6	6.4	5.5	5.5	5.9	6.0	5.6	4.1
Gross spread	5.0	5.0	5.1	4.5	4.3	4.6	4.6	4.6	4.6	4.6
Net income divided by gross income	5.4	6.4	5.7	5.6	6.5	7.9	7.0	7.3	9.0	14.8
Yield on average loans	13.3	13.2	14.3	12.7	11.1	11.2	11.4	11.4	11.8	10.8
Yield on average investments	9.9	10.5	10.0	8.0	7.5	7.9	8.4	8.5	7.4	5.7

[1]DOES NOT INCLUDE THE ALLOWANCE FOR LOAN LOSSES.
1993 DATA NOT AVAILABLE AT TIME OF PRINTING.

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

YEAR	CHARTERS ISSUED	CHARTERS CANCELED	NET CHANGE	TOTAL OUTSTANDING	INACTIVE CREDIT UNIONS	ACTIVE CREDIT UNIONS	MEMBERS (AMOUNTS IN THOUSANDS OF DOLLARS)	ASSETS[1]	SHARES[1]	LOANS OUTSTANDING
1935[1]	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.
1993 DATA NOT AVAILABLE AT TIME OF PRINTING.

HISTORICAL DATA FOR FEDERAL CREDIT UNIONS
DECEMBER 31, 1970 TO 1992

YEAR	CHARTERS ISSUED	CHARTERS CANCELED	NET CHANGE	TOTAL OUTSTANDING	INACTIVE CREDIT UNIONS	ACTIVE CREDIT UNIONS	(AMOUNTS IN THOUSANDS OF DOLLARS) MEMBERS	ASSETS	SHARES	LOANS OUTSTANDING
1970	563	412	151	13,555	578	12,977	11,966,181	$ 8,860,612	$ 7,628,805	$ 6,969,006
1971	400	461	-61	13,494	777	12,717	12,702,135	10,533,740	9,191,182	8,071,201
1972	311	672	-361	13,133	425	12,708	13,572,312	12,513,621	10,956,007	9,424,180
1973	364	523	-159	12,974	286	12,688	14,665,890	14,568,736	12,597,607	11,109,015
1974	367	369	-2	12,972	224	12,748	15,870,434	16,714,673	14,370,744	12,729,653
1975	373	334	39	13,011	274	12,737	17,066,428	20,208,536	17,529,823	14,868,840
1976	354	387	-33	12,978	221	12,757	18,623,862	24,395,896	21,130,293	18,311,204
1977	337	315	22	13,000	250	12,750	20,426,661	29,563,681	25,576,017	22,633,860
1978	348	298	50	13,050	291	12,759	23,259,284	34,760,098	29,802,504	27,686,584
1979	286	336	-50	13,000	262	12,738	24,789,647	36,467,850	31,831,400	28,547,097
1980	170	368	-198	12,802	362	12,440	24,519,087	40,091,855	36,263,343	26,350,277
1981	119	554	-435	12,367	398	11,969	25,459,059	41,905,413	37,788,699	27,203,672
1982	114	556	-442	11,925	294	11,631	26,114,649	45,482,943	41,340,911	28,184,280
1983	107	736	-629	11,296	320	10,976	26,798,799	54,481,827	49,889,313	33,200,715
1984	135	664	-529	10,767	219	10,548	28,191,922	63,656,321	57,929,124	42,133,018
1985	55	575	-520	10,247	122	10,125	29,578,808	78,187,651	71,616,202	48,240,770
1986	59	441	-382	9,865	107	9,758	31,041,142	95,483,828	87,953,642	55,304,682
1987	41	460	-419	9,446	45	9,401	32,066,542	105,189,725	96,346,488	64,104,411
1988	45	201	-156	9,290	172	9,118	34,438,304	114,564,579	104,431,487	73,766,200
1989	23	307	-284	9,006	185	8,821	35,612,317	120,666,414	109,652,600	80,272,306
1990	33	410	-377	8,629	118	8,511	36,241,607	130,072,955	117,891,940	83,029,348
1991	14	291	-277	8,352	123	8,229	37,080,854	143,939,504	130,163,749	84,150,334
1992	33	341	-308	8,044	128	7,916	38,205,128	162,543,659	146,078,403	87,632,808

Historical Highlights

1909 First U.S. credit union established in New Hampshire

1909 First credit union statute enacted in Massachusetts

1934 Federal Credit Union Act approved by Congress

1970 National Credit Union Administration approved by Congress

1970 Share Insurance Fund created by Congress

1979 Three-member Board replaces NCUA administrator

1979 Central Liquidity Facility created by Congress

1985 Credit unions recapitalize Share Insurance Fund

1986 Share Insurance Fund backed by "full faith and credit of United States Government"

1992 NCUA's training program approved for continuing professional education credits by national accrediting agency

1993 Norman E. D'Amours succeeds Roger W. Jepsen as NCUA chairman

Board Members

Norman E. D'Amours, a Democrat, was named by President Bill Clinton in October 1993 and confirmed on November 22. An attorney, Chairman D'Amours was a member of the U.S. House of Representatives from New Hampshire from 1975 to 1985 where he served as a member of the House Banking Committee. His term expires in 1999.

Shirlee Pearson Bowné, a Republican, a former real estate broker in Tallahassee, Fla., and a member of the board of the Florida Housing Finance Agency, was appointed by President George Bush in October 1991. Her term expires in 1997.

Robert H. Swan, a Democrat, former president of Tooele Federal Credit Union, Tooele, Utah, and previously Utah deputy director of finance, was appointed in 1989 by President Bush. His term expires in 1995.

Roger W. Jepsen, former member of the United States Senate from Iowa, served as a member of the Board and as NCUA chairman from 1985 until November 1993. He was appointed by President Ronald Reagan in 1985 to an unexpired term and to a full six-year term in 1987.

Other Officers

Karl T. Hoyle
Executive Director

Chairman D'Amours named Karl T. Hoyle executive director and his chief of staff to succeed Donald E. Johnson soon after taking office. Long associated with credit unions, Hoyle was director of communications and senior deputy director of the Federal Home Loan Bank Board from 1987 until 1990 when he established his own consulting firm.

Suzanne Beauchesne, Special Assistant to the Executive Director
Rebecca Baker, Secretary of the Board
John Butler, Executive Assistant to Shirlee Bowné
Chrisopher W. Kerecman, Executive Assistant to Robert Swan
J. Leonard Skiles, President, Asset Liquidation Management Center
Ron Lewandowski, President, Central Liquidity Facility
Herbert S. Yolles, Controller
D. Michael Riley, Director, Examination and Insurance
Robert M. Fenner, General Counsel
Dorothy W. Foster, Director, Human Resources
Joseph W. Visconti, Director, Information Systems
H. Frank Thomas, Inspector General
Robert E. Loftus, Director, Public and Congressional Affairs

Regional Officers & Offices

REGION I

Layne L. Bumgardner, Director
9 Washington Square, Albany, NY 12205
518-464-4180 Fax 518-464-4195

Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, Vermont

REGION II

David M. Marquis, Director
1775 Duke Street, #4206, Alexandria, VA 22314-3437
703-838-0401 Fax 703-838-0571

Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia, West Virginia

REGION III

H. Allen Carver, Director
7000 Central Parkway, #1600, Atlanta, GA 30328
404-396-4042 Fax 404-698-8211

Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, Virgin Islands

REGION IV

Nicholas Veghts, Director
4225 Naperville Road, #125, Lisle, IL 60532
708-245-1000 Fax 708-245-1015

Illinois, Indiana, Michigan, Missouri, Ohio, Wisconsin

REGION V

John S. Ruffin, Director
4807 Spicewood Springs Road, #5200, Austin, TX 78759-8490
512-482-4500 Fax 512-482-4511

Arizona, Colorado, Iowa, Kansas, Minnesota, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah, Wyoming

REGION VI

Daniel L. Murphy, Director
2300 Clayton Road, #1350, Concord, CA 94520
510-825-6125 Fax 510-486-3729

Alaska, American Samoa, California, Guam, Hawaii, Idaho, Montana, Nevada, Oregon, Washington

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
Credit union data	703-518-6410
Credit union investments	800-755-5999
	703-518-6370
Member complaints	All regional offices
To report improper or illegal activity at a credit union	800-827-9650
	703-518-6550

National Credit Union Administration
Alexandria, Virginia 22314-3428

Official Business
Penalty for private use, $300

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