

NATIONAL CREDIT UNION SHARE INSURANCE FUND

Your savings federally insured to at least \$100,000
and backed by the full faith and credit of the United States Government

NCUA

National Credit Union Administration, a U.S. Government Agency

FINANCIAL HIGHLIGHTS JULY 31, 2008

**MARY ANN WOODSON
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS
July 31, 2008

Balance Sheet:

Other Receivables: Recoveries from Liq. CU — decreased by \$17 million primarily due to the reduction in carrying values on real estate properties transferred to AMAC from liquidating credit unions.

Interest Receivable — net increase of \$4.7 million is due to a combination of \$23.3 million in accrued interest earned in July and payments of \$18.6 million received by the NCUSIF in July.

Prepaid & Deferred Charges — is \$0.1 million for July. \$7.0 million was transferred to the operating fund to cover 52.0% of the agency's operating costs. July's actual operating costs were \$6.9 million.

Other Assets — represents balance due to the NCUSIF from monies loaned to NCUA for purchase of the King Street building.

Accounts Payable: Liquidation claims — \$100 million increase represents an outstanding loan due to the NCUSIF.

Provision for Credit Union Losses (Reserves) — decreased to \$108.6 million as we realized losses previously reserved for.

NCUSIF Equity — is 1.22% for July. The equity ratio is based upon an insured share base of \$601.6 billion at June 30, 2008.

Statement of Revenue and Expense:

NCUSIF Total Operating Expense — of \$7.0 million includes \$132 thousand in direct expenses paid by the NCUSIF for state examiner training, leasing expense for state examiner laptop computers, and other insurance related items.

Insurance Loss — of (\$3.8) million is due primarily to a decrease in reserves for specific credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
JULY 31, 2008

ASSETS	JULY 2007	JUNE 2008	JULY 2008
Investments:			
U.S. Government Securities	\$7,077,749,972.01	\$7,384,656,794.12	\$7,289,935,704.17
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits & Loans	0.00	100,000,000.00	100,000,000.00
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Total Advances to Credit Unions	0.00	100,000,000.00	100,000,000.00
Other Receivables:			
Due from Credit Unions	92,241.77	57,913.33	17,613.93
Loans due to NCUSIF	0.00	0.00	0.00
Recoveries from Liq. CU	11,497,709.66	102,518,665.37	85,141,112.36
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Total Other Receivables	11,589,951.43	102,576,578.70	85,158,726.29
Cash	5,235.11	5,542.77	5,157.27
Interest Receivable	68,574,152.95	67,849,902.02	72,508,528.95
Prepaid & Deferred Charges	357,751.67	763,600.20	111,790.70
Leased Assets	523,191.40	241,284.84	214,441.21
Other	21,647,160.59	20,586,218.56	20,441,733.25
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TOTAL ASSETS	\$7,180,447,415.16	\$7,676,679,921.21	\$7,568,376,081.84
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LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$4,710,083.14	\$5,466,650.84	\$105,208,672.47
Other	43,539.67	8,501.93	23,818.17
Check Clearing Accounts	17,262.41	3,555.94	3,040.81
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Total Current Liabilities	4,770,885.22	5,478,708.71	105,235,531.45
Provision for CU Losses (Reserves)	91,208,229.08	334,188,376.60	108,634,146.41
Lease Liabilities	527,133.76	268,069.74	178,477.20
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TOTAL LIABILITIES	96,506,248.06	339,935,155.05	214,048,155.06 1/
EQUITY			
CU Contributed Capital	5,346,282,675.09	5,659,957,690.09	5,659,961,526.52
Retained Earnings	1,737,658,492.01	1,676,787,076.07	1,694,366,400.26
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TOTAL EQUITY	7,083,941,167.10	7,336,744,766.16	7,354,327,926.78
TOTAL LIABILITIES & EQUITY	\$7,180,447,415.16	\$7,676,679,921.21	\$7,568,376,081.84
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending July 31, 2008

1/ Does not include unreserved contingent liabilities of \$37 thousand in an indemnification expiring in Dec 2010.

	JUL 07	JUN 08	JUL 08
1. Investments/Total Assets	98.57%	96.20%	96.32%
2. Total Equity/Insured Shares	1.26%	1.22%	1.22%
3. Prov. for Losses/CU Capital	1.71%	5.90%	1.92%
4. Non-Earning/Total Assets	1.13%	2.23%	2.09%
5. Available Asset Ratio	1.24%	1.19%	1.20%

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING JULY 31, 2008

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2008	CY TO DATE BUDGETED 2008	CY TO DATE 2007
Investment Income	\$23,897,933.61	\$24,700,000.00	\$172,303,590.72	\$172,900,000.00	\$184,662,507.83
Other Income	177,951.98	75,000.00	934,680.63	525,000.00	661,421.95
Total Income	24,075,885.59	24,775,000.00	173,238,271.35	173,425,000.00	185,323,929.78
EXPENSE					
Employee Pay	4,038,804.92	4,246,383.70	27,593,369.52	28,235,009.79	27,176,343.32
Employee Benefits	1,089,538.46	1,159,624.58	7,366,725.36	7,727,347.15	7,266,243.68
Employee Travel	674,250.41	668,035.48	4,397,638.87	4,676,248.40	3,814,286.25
Rent/Communications/Utilities	129,454.00	180,594.96	1,009,608.91	1,264,164.77	1,023,226.80
Administrative Costs	599,576.64	513,020.56	3,055,602.04	3,591,143.98	2,696,625.94
Contracted Services	356,584.87	380,493.13	1,854,137.50	2,663,451.89	1,905,797.80
Subtotal NCUA Operating Exp.	6,888,209.30	7,148,152.41	45,277,082.20	48,157,365.98	43,882,523.79
AMAC Expense	0.00	1,000.00	14,596.95	7,000.00	15,259.42
Training Expense	101,955.13	100,000.00	685,591.80	700,000.00	527,554.51
Leasing Expense	27,310.06	30,667.00	193,758.95	214,669.00	229,272.28
Other Insurance Expense	2,662.91	3,000.00	17,030.16	21,000.00	19,141.97
Total Operating Exp.	7,020,137.40	7,282,819.41	46,188,060.06	49,100,034.98	44,673,751.97
Insurance Loss	(523,576.00)	4,500,000.00	108,897,268.42	31,500,000.00	23,491,561.15
Total Expense	6,496,561.40	11,782,819.41	155,085,328.48	80,600,034.98	68,165,313.12
NET INCOME	\$17,579,324.19	\$12,992,180.59	\$18,152,942.87	\$92,824,965.02	\$117,158,616.66
Retained Earnings, Beginning of Year			\$1,676,213,457.39		\$1,672,030,178.22
Prior Year Adjustment			0.00		0.00
As Restated			1,676,213,457.39		1,672,030,178.22
Net Income			18,152,942.87		117,158,616.66
Dividends			1,694,366,400.26		1,789,188,794.88
			0.00		51,530,302.87
Retained Earnings, Year To Date			\$1,694,366,400.26		\$1,737,658,492.01

Comparative Analysis of NCUSIF Ratios for July 31, 2008

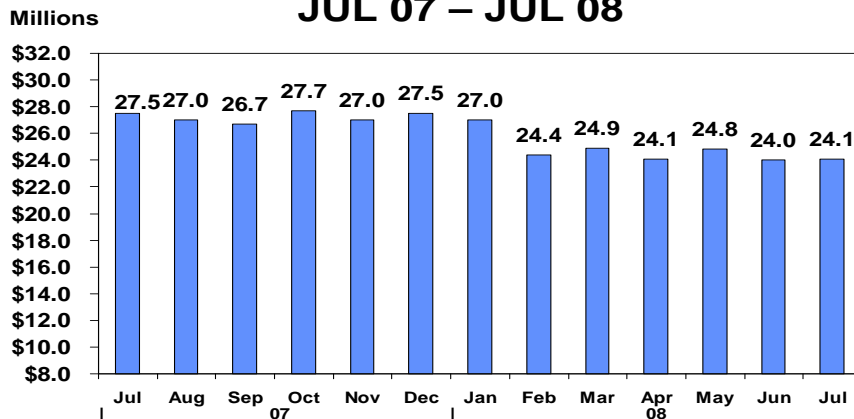
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	26.71%	29.16%	24.11%	26.66%
2. Ins. Loss/Total Income	12.56%	-2.17%	12.68%	62.86%
3. Total Exp./Total Income	39.26%	26.98%	36.78%	89.52%
4. Net Income/Total Income	60.74%	73.02%	63.22%	10.48%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.01%	0.03%

TABLE 3 - STATEMENT OF CASH FLOWS
July 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$ 154,921,329.30
Other income received	934,680.63
Advances to credit unions (FCU Act §208)	(100,000,000.00)
Cash paid for operating expenses	(77,236,327.78)
Net cash (paid) received for insurance losses	<u>(134,983,942.50)</u>
Net cash provided by operating activities	<u>(156,364,260.35)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	80,737,367.00
Collections on note receivable - National Credit Union Administration Operating Fund	<u>678,033.20</u>
Net cash provided by (used in) investing activities	<u>81,415,400.20</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions (distributions) from insured credit unions Cont Cap acct	74,841,317.40
Dividends to insured credit unions	-
Principal repayments under capital lease obligations	<u>(270,176.91)</u>
Net cash provided by financing activities	<u>74,571,140.49</u>
NET INCREASE (DECREASE) IN CASH	(377,719.66)
CASH, BEGINNING OF YEAR	<u>382,876.93</u>
CASH, ENDING JULY 31, 2008	<u>\$ 5,157.27</u>

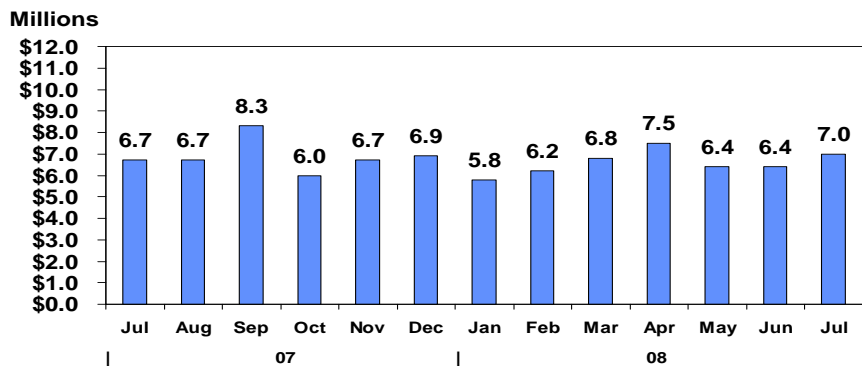
GROSS INCOME

JUL 07 – JUL 08



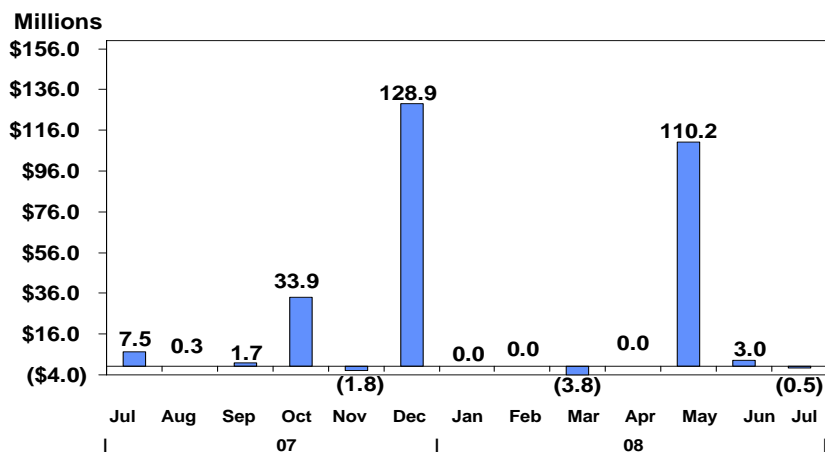
OPERATING EXPENSE

JUL 07 – JUL 08



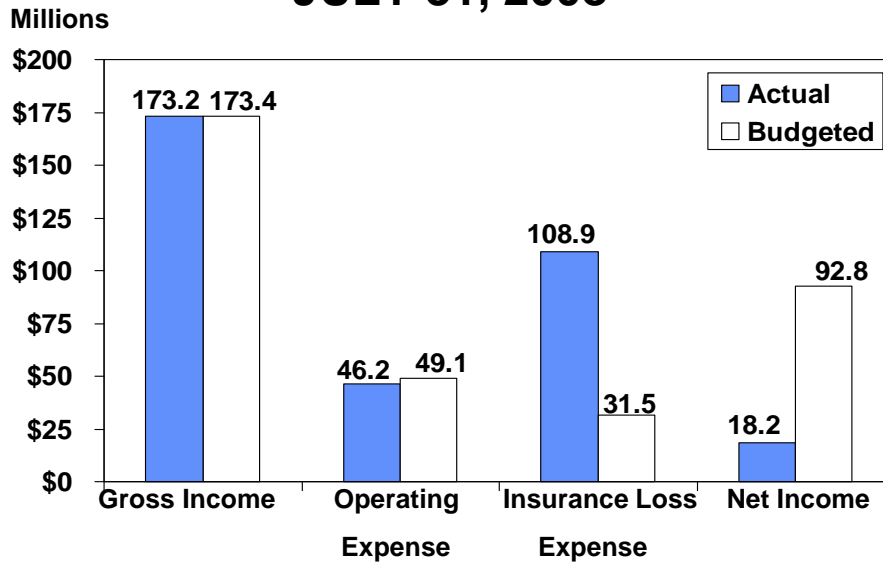
INSURANCE LOSS EXPENSE

JUL 07 – JUL 08



REVENUE AND EXPENSE

JULY 31, 2008



NCUSIF EQUITY RATIO

JULY 31, 2008

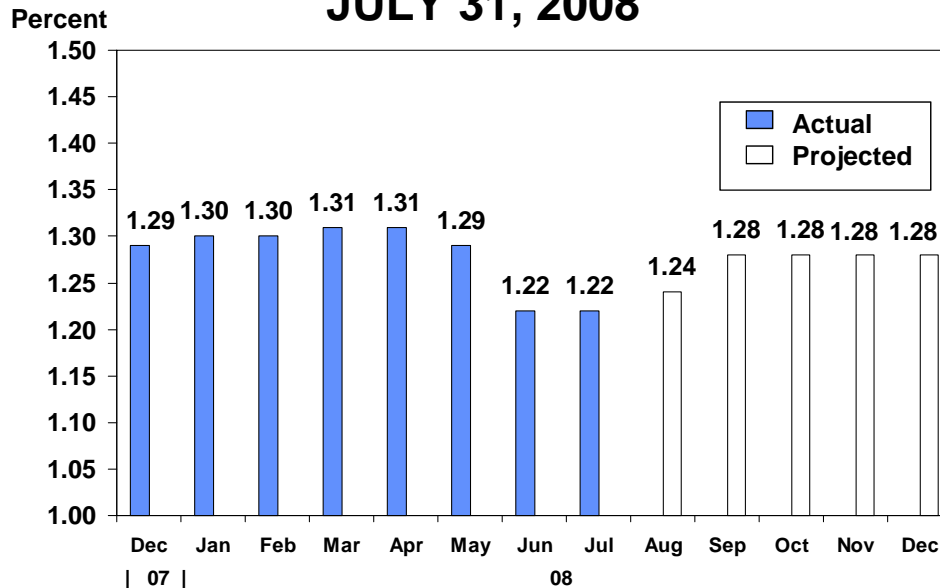


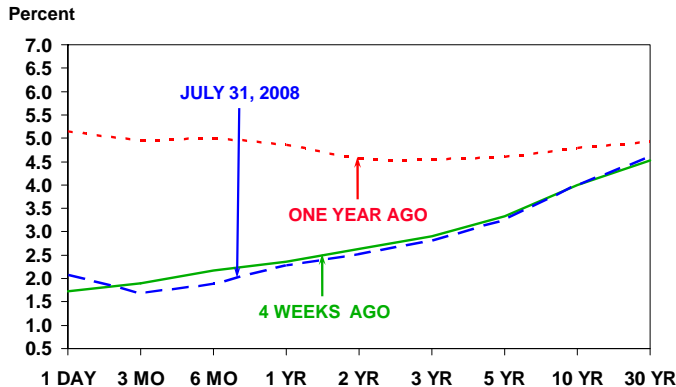
TABLE 4

INVESTMENT PORTFOLIO SUMMARY

JULY 31, 2008

I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	Gain or (Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$504,313,000	\$504,313,000	\$0	100.00%	2.01%
U.S. Treasury Notes	6,785,622,705	6,926,593,750	140,971,045	102.08%	3.99%
TOTAL	\$7,289,935,705	\$7,430,906,750	\$140,971,045	101.93%	3.84%
II. INVESTMENT PORTFOLIO PERFORMANCE					
	Last Month	Current Month	CY To Date	CY08 Projections	
Investment Yield	3.94%	3.84%	4.02%	3.98%	
Investment Income	\$23,865,674	\$23,897,934	\$172,303,591	\$296,000,000	
Income Budgeted	\$24,700,000	\$24,700,000	\$172,900,000	\$296,000,000	
Income/Budgeted Ratio	96.6%	96.8%	99.7%	100.00%	
Weighted Avg. Maturity in Days	748	729			
III. MONTHLY ACTIVITY					
Purchase	Type	Amount	Maturity	Yield	
TOTAL		\$0			
IV. MATURITY SCHEDULE (par value in millions)					
3 months or less	\$904.3				
3 months - 1 year	1,950.0				
1 year - 2 years	1,300.0				
2 years - 3 years	1,000.0				
3 years - 4 years	1,100.0				
4 years - 5 years	900.0				
5 years - 10 years	100.0				
TOTAL	\$7,254.3				

TREASURY YIELD CURVE



MATURITY SCHEDULE

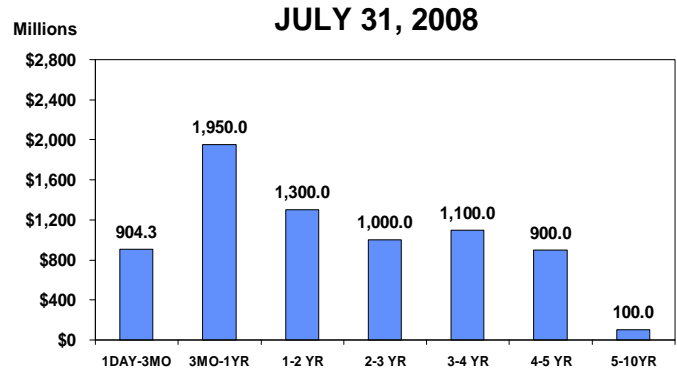


TABLE 5

MONTHLY YIELD COMPARISONS

JULY 31, 2008

YIELD COMPARISONS								
	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08
NCUSIF Yield	4.36%	4.30%	4.10%	4.01%	3.99%	3.93%	3.94%	3.84%
90-day T-Bill	3.36%	1.96%	1.85%	1.38%	1.43%	1.89%	1.90%	1.68%
1-year T-Bill	3.34%	2.11%	1.77%	1.55%	1.85%	2.22%	2.26%	2.27%
2-year T-Note	3.05%	2.17%	1.65%	1.62%	2.23%	2.66%	2.63%	2.52%
30-year T-Note	4.45%	4.35%	4.41%	4.30%	4.49%	4.72%	4.53%	4.59%

YIELD COMPARISONS JULY 31, 2008

