

NATIONAL CREDIT UNION SHARE INSURANCE FUND

Your savings federally insured to \$100,000

NCUA

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

FINANCIAL HIGHLIGHTS JUNE 30, 2006

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS
June 30, 2006

Balance Sheet:

Due from Credit Unions — of \$0.1 million represents the remaining balance of one percent deposit adjustments due from credit unions on April 17, 2006.

Cash — includes \$5.2 thousand in collections on one percent deposit adjustments received after the overnight investment was made on June 30, 2006.

Interest Receivable — net increase of \$9.7 million is due to a combination of \$15.4 million in accrued interest earned in June and payments of \$5.8 million received by the NCUSIF in June.

Prepaid & Deferred Charges — is \$(.01) million for June. \$7.0 million was transferred to the operating fund to cover 57% of the agency's operating costs. June's actual operating costs were \$7.01 million.

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

NCUSIF Equity — decreased to 1.26% for June. The equity ratio is based upon an insured share base of \$532.4 billion at June 30, 2006.

Statement of Revenue and Expense:

Investment Income — is approximately \$0.2 million less than the previous month due to one less calendar day in June in which interest was earned.

NCUSIF Total Operating Expense — of \$7.2 million includes \$163.6 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 — is \$(63.0) thousand for June. This is due to reserve decreases for several problem credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
June 30, 2006

| ASSETS | JUNE 2005 | MAY 2006 | JUNE 2006 |
|---------------------------------------|---------------------------|---------------------------|---------------------------|
| Investments: | | | |
| U.S. Government Securities | \$6,439,614,702.08 | \$6,700,389,765.01 | \$6,706,290,758.12 |
| Advances to Credit Unions: | | | |
| NCUSIF Subordinated Notes | 0.00 | 0.00 | 0.00 |
| Share Deposits | 0.00 | 0.00 | 0.00 |
| Total Advances to Credit Unions | 0.00 | 0.00 | 0.00 |
| Other Receivables: | | | |
| Due from Credit Unions | 159,497.79 | 754,087.79 | 130,042.03 |
| Loans due to NCUSIF | 6,780,910.69 | 0.00 | 0.00 |
| Recoveries from Liq. CU | 21,628,486.98 | 14,635,437.76 | 13,379,456.01 |
| Total Other Receivables | 28,568,895.46 | 15,389,525.55 | 13,509,498.04 |
| Cash | 5,549.89 | 15,958.87 | 10,976.86 |
| Interest Receivable | 39,359,953.46 | 44,514,024.59 | 54,199,297.44 |
| Prepaid & Deferred Charges | 220,857.45 | (214,219.13) | (13,171.75) |
| Leased Assets | 309,810.73 | 959,666.13 | 931,411.13 |
| Other | 24,473,810.15 | 23,243,091.98 | 23,086,362.27 |
| TOTAL ASSETS | \$6,532,553,579.22 | \$6,784,297,813.00 | \$6,798,015,132.11 |
| LIABILITIES | | | |
| Accounts Payable: | | | |
| Liquidation Claims | \$15,927,353.39 | \$5,552,510.46 | \$5,137,902.48 |
| Other | 0.00 | 596,439.47 | 16,123.74 |
| Check Clearing Accounts | 1,832.86 | 58,558.24 | 44,780.55 |
| Dividend Check Clearing | 0.00 | 0.00 | 0.00 |
| Total Current Liabilities | 15,929,186.25 | 6,207,508.17 | 5,198,806.77 |
| Provision for CU Losses (Reserves) | 69,734,002.04 | 72,321,889.68 | 72,482,744.61 |
| Lease Liabilities | 316,202.79 | 984,244.74 | 984,638.19 |
| TOTAL LIABILITIES | \$85,979,391.08 | \$79,513,642.59 | \$78,666,189.57 1/ |
| EQUITY | | | |
| CU Contributed Capital | \$5,000,203,960.10 | \$5,150,280,418.23 | \$5,150,318,495.99 |
| Retained Earnings | 1,446,370,228.04 | 1,554,503,752.18 | 1,569,030,446.55 |
| TOTAL EQUITY | \$6,446,574,188.14 | \$6,704,784,170.41 | \$6,719,348,942.54 |
| TOTAL LIABILITIES & EQUITY | \$6,532,553,579.22 | \$6,784,297,813.00 | \$6,798,015,132.11 |

COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending June 30, 2006

| | JUN 05 | MAY 06 | JUN 06 |
|---|--------|--------|--------|
| 1/ Does not include unreserved contingent liabilities of \$0 in asset guarantees, \$8.7 million in outstanding line of credit guarantees, and \$1.4 million in an indemnification expiring in Dec 06. | | | |
| 1. Investments/Total Assets | 98.58% | 98.76% | 98.65% |
| 2. Total Equity/Insured Shares | 1.26% | 1.30% | 1.26% |
| 3. Prov. for Losses/CU Capital | 1.39% | 1.40% | 1.41% |
| 4. Non-Earning/Total Assets | 1.05% | 0.89% | 1.01% |
| 5. Available Asset Ratio | 1.23% | 1.27% | 1.23% |

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING JUNE 30, 2006

| INCOME | CURRENT MONTH | CURRENT MONTH BUDGET | CY TO DATE 2006 | CY TO DATE BUDGETED 2006 | CY TO DATE 2005 |
|--------------------------------------|-----------------|----------------------|--------------------|--------------------------|--------------------|
| Investment Income | \$21,569,591.55 | \$20,000,000.00 | \$119,943,101.52 | \$128,000,000.00 | \$75,891,990.06 |
| Other Income | 70,839.32 | 70,000.00 | 421,543.63 | \$420,000.00 | 316,693.83 |
| | ----- | ----- | ----- | ----- | ----- |
| Total Income | 21,640,430.87 | 20,070,000.00 | 120,364,645.15 | 128,420,000.00 | 76,208,683.89 |
| EXPENSE | | | | | |
| Employee Pay | 4,104,348.85 | 4,226,359.99 | \$24,314,158.24 | 25,209,733.90 | 23,276,564.08 |
| Employee Benefits | 1,367,086.06 | 1,154,731.99 | \$6,743,787.45 | 6,827,804.33 | 6,090,965.64 |
| Employee Travel | 601,162.82 | 653,807.07 | \$2,961,990.52 | 4,323,179.70 | 2,785,936.81 |
| Rent/Communications/Utilities | 161,554.88 | 189,990.67 | \$1,028,900.48 | 1,139,944.00 | 1,008,922.71 |
| Administrative Costs | 464,895.27 | 557,187.27 | \$2,845,929.98 | 3,343,123.59 | 3,046,728.67 |
| Contracted Services | 314,123.87 | 421,880.23 | \$1,475,691.80 | 2,531,281.37 | 1,354,025.95 |
| | ----- | ----- | ----- | ----- | ----- |
| Subtotal NCUA Operating Exp. | 7,013,171.75 | 7,203,957.22 | 39,370,458.47 | 43,375,066.89 | 37,563,143.86 |
| AMAC Expense | 0.00 | 1,000.00 | 2,714.87 | 6,000.00 | 312.82 |
| Training Expense | 131,410.10 | 100,000.00 | 388,812.64 | 600,000.00 | 407,278.68 |
| Leasing Expense | 28,648.45 | 32,000.00 | 246,705.07 | 192,000.00 | 209,677.82 |
| Other Insurance Expense | 3,506.20 | 5,000.00 | 40,535.45 | 30,000.00 | 17,271.73 |
| | ----- | ----- | ----- | ----- | ----- |
| Total Operating Exp. | 7,176,736.50 | 7,341,957.22 | 40,049,226.50 | 44,203,066.89 | 38,197,684.91 |
| Insurance Loss | (63,000.00) | 2,000,000.00 | 1,698,000.00 | 12,000,000.00 | 7,805,028.49 |
| | ----- | ----- | ----- | ----- | ----- |
| Total Expense | 7,113,736.50 | 9,341,957.22 | 41,747,226.50 | 56,203,066.89 | 46,002,713.40 |
| NET INCOME | \$14,526,694.37 | \$10,728,042.78 | \$78,617,418.65 | \$72,216,933.11 | \$30,205,970.49 |
| | ===== | ===== | ===== | ===== | ===== |
| Retained Earnings, Beginning of Year | | | \$1,490,413,027.90 | | \$1,416,164,257.55 |
| Prior Year Adjustment | | | 0.00 | | 0.00 |
| | | | ----- | | ----- |
| As Restated | | | 1,490,413,027.90 | | 1,416,164,257.55 |
| Net Income | | | 78,617,418.65 | | 30,205,970.49 |
| | | | ----- | | ----- |
| Dividends | | | 1,569,030,446.55 | | 1,446,370,228.04 |
| | | | 0.00 | | 0.00 |
| | | | ----- | | ----- |
| Retained Earnings, Year To Date | | | \$1,569,030,446.55 | | \$1,446,370,228.04 |
| | | | ===== | | ===== |

Comparative Analysis of NCUSIF Ratios for June 30, 2006

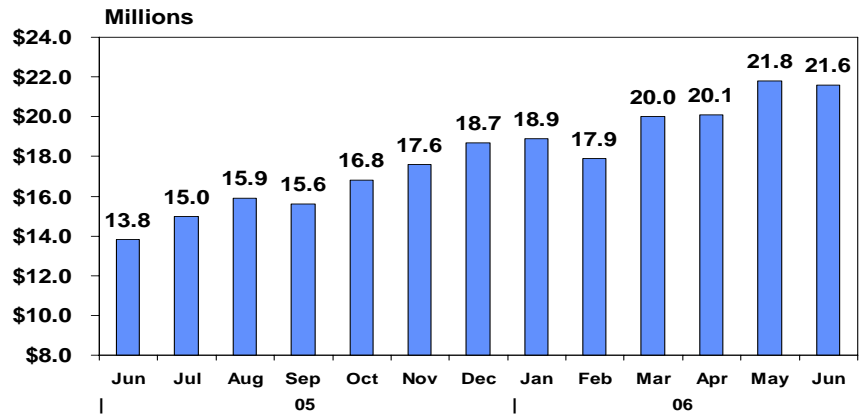
| INCOME STATEMENT RATIOS | LAST MONTH | THIS MONTH | PRIOR CYTD | CURRENT CYTD |
|-----------------------------|------------|------------|------------|--------------|
| 1. Oper. Exp./Total Income | 33.61% | 33.16% | 50.12% | 33.27% |
| 2. Ins. Loss/Total Income | 7.48% | -0.29% | 10.24% | 1.41% |
| 3. Total Exp./Total Income | 41.09% | 32.87% | 60.36% | 34.68% |
| 4. Net Income/Total Income | 58.91% | 67.13% | 39.64% | 65.32% |
| 5. Ins. Loss/Insured Shares | 0.00% | 0.00% | 0.00% | 0.00% |

TABLE 3 - STATEMENT OF CASH FLOWS
June 30, 2006

| | |
|---|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Income from investments | \$124,427,731.58 |
| Other income received | 421,543.63 |
| Cash paid for operating expenses | (42,245,446.16) |
| Net cash (paid) received for insurance losses | <u>(1,101,589.15)</u> |
| Net cash provided by operating activities | 81,502,239.90 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Investments, net | (106,101,995.00) |
| Collections on note receivable - National Credit Union Administration Operating Fund | <u>711,698.24</u> |
| Net cash provided by (used in) investing activities | (105,390,296.76) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | |
| Contributions from insured credit unions Cont Cap acct | 23,893,525.70 |
| Dividends to insured credit unions | <u>0.00</u> |
| Net cash provided by financing activities | 23,893,525.70 |
| NET INCREASE (DECREASE) IN CASH | 5,468.84 |
| CASH, BEGINNING OF YEAR | 5,508.02 |
| CASH, ENDING JUNE 30, 2006 | <u>\$10,976.86</u> |

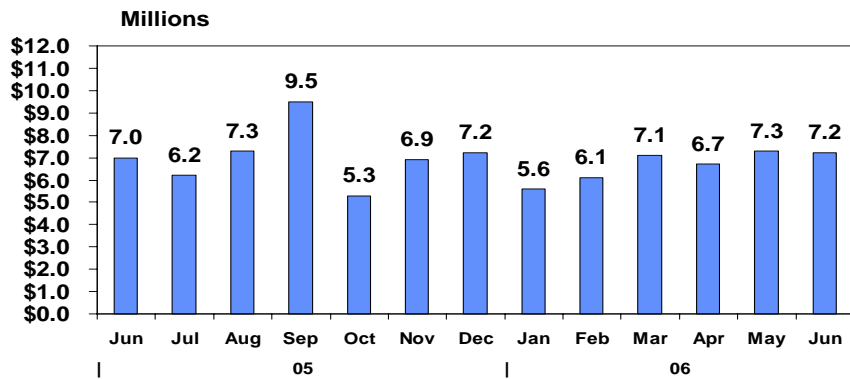
GROSS INCOME

Jun 05 – Jun 06



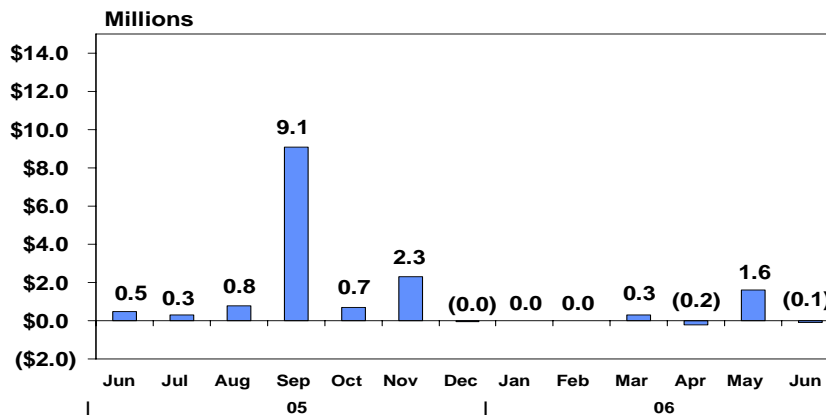
OPERATING EXPENSE

Jun 05 – Jun 06



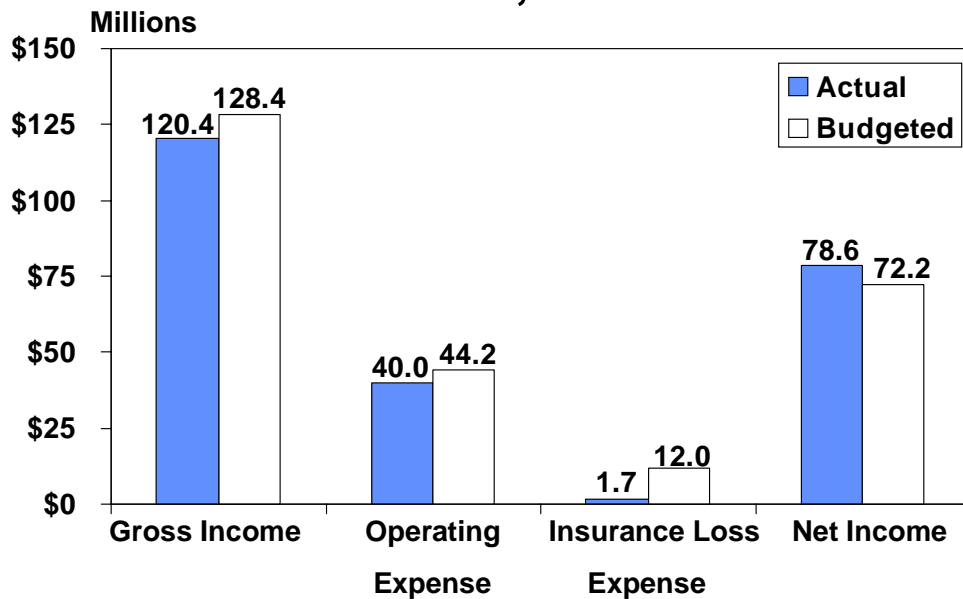
INSURANCE LOSS EXPENSE

Jun 05 – Jun 06



REVENUE AND EXPENSE

June 30, 2006



NCUSIF EQUITY RATIO

June 30, 2006

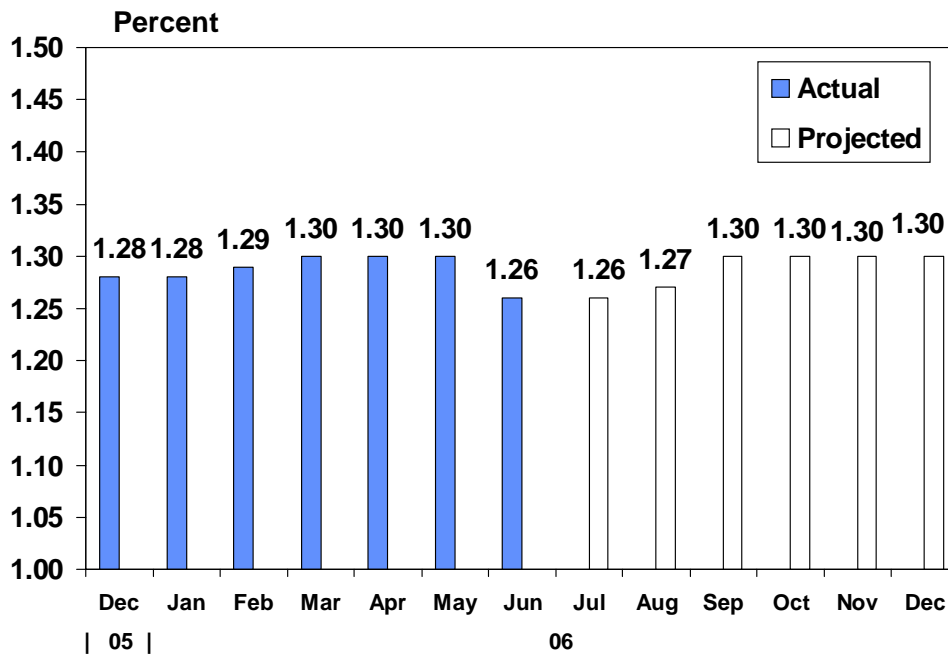


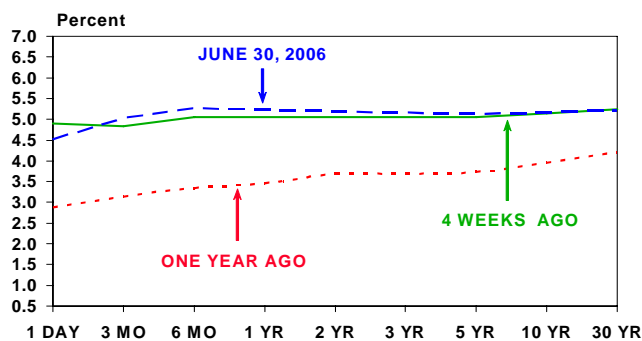
TABLE 4

INVESTMENT PORTFOLIO SUMMARY

June 30, 2006

| I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE | | | | | |
|--|------------------------|------------------------|-----------------------|------------------------|------------------------|
| | Book Value | Market Value | (Gain or Loss) | % Market to Book Value | Weighted Average Yield |
| Daily Treasury Account | \$1,739,124,000 | \$1,739,124,000 | \$0 | 100.0% | 4.94% |
| U.S. Treasury Notes | \$4,967,166,758 | \$4,886,750,000 | (\$80,416,758) | 98.0% | 3.63% |
| TOTAL | \$6,706,290,758 | \$6,625,874,000 | (\$80,416,758) | 98.8% | 3.94% |
| II. INVESTMENT PORTFOLIO PERFORMANCE | | | | | |
| | Last Month | Current Month | CY To Date | CY06 Projections | |
| Investment Yield | 3.77% | 3.86% | 3.59% | 4.00% | |
| Investment Income | \$21,759,435 | \$21,569,592 | \$119,943,102 | 248 Million | |
| Income Budgeted | \$20,000,000 | \$20,000,000 | \$128,000,000 | 248 Million | |
| Income/Budgeted Ratio | 108.8% | 107.8% | 93.7% | 100.00% | |
| Weighted Avg. Maturity in Days | 490 | 466 | | | |
| III. MONTHLY ACTIVITY | | | | | |
| Purchase | Type | Amount | Maturity | Yield | |
| TOTAL | | \$0 | | | |
| IV. MATURITY SCHEDULE (par value in millions) | | | | | |
| 3 months or less | 2,339.1 | | | | |
| 3 months - 1 year | 1,200.0 | | | | |
| 1 year - 2 years | 1,600.0 | | | | |
| 2 years - 3 years | 600.0 | | | | |
| 3 years - 4 years | 200.0 | | | | |
| 4 years - 5 years | 800.0 | | | | |
| TOTAL | \$6,739.1 | | | | |

TREASURY YIELD CURVE



MATURITY SCHEDULE

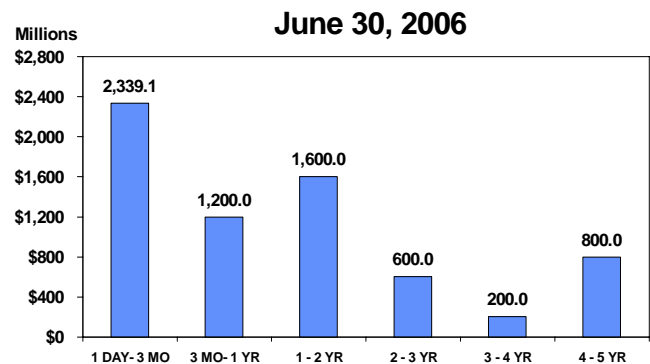


TABLE 5

MONTHLY YIELD COMPARISONS

June 30, 2006

| YIELD COMPARISONS | | | | | | | |
|-------------------|--------|--------|--------|--------|--------|--------|--------|
| | Dec-05 | Jan-06 | Feb-06 | Mar-06 | Apr-06 | May-06 | Jun-06 |
| NCUSIF Yield | 3.27% | 3.31% | 3.45% | 3.52% | 3.60% | 3.77% | 3.86% |
| 90 day T-Bill | 4.09% | 4.45% | 4.61% | 4.62% | 4.76% | 4.84% | 5.02% |
| 1 year T-Bill | 4.38% | 4.56% | 4.71% | 4.82% | 4.89% | 5.06% | 5.23% |
| 2 year T-Note | 4.40% | 4.52% | 4.67% | 4.85% | 4.87% | 5.05% | 5.17% |
| 30 year T-Note | 4.56% | 4.69% | 4.53% | 4.93% | 5.15% | 5.24% | 5.21% |

YIELD COMPARISONS
June 30, 2006

