

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 SEPTEMBER 30, 2008

**MARY ANN WOODSON
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS
September 30, 2008

Balance Sheet:

Other Receivables: Due from Credit Unions — Credit unions with assets of \$50 million or greater that increased in insured shares from January 1, 2008 through June 30, 2008, were invoiced \$324 million in capitalization deposit adjustments in September. The \$323.4 million represents the outstanding balance that is due on October 22, 2008.

Interest Receivable — net increase of \$9.1 million is due to a combination of \$23.8 million in accrued interest earned in September, and payments of \$14.8 million received by the NCUSIF in September.

Prepaid & Deferred Charges — is \$0.0 for September. \$7.0 million was transferred to the operating fund to cover 52.0% of the agency's operating costs. September's actual operating costs were \$8.7 million. The difference was recorded in accounts payable (other).

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

Accounts Payable: Other — consists primarily of amounts due the operating fund for additional operating costs incurred in September and loss accrued for cash assistance for a merging credit union.

Provision for Credit Union Losses (Reserves) — is \$128.6 million for September. The decrease is due to charges incurred for failed credit unions.

NCUSIF Equity — increased to \$1.28% for September. 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 \$8.9 million includes \$125.3 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 \$264 thousand is due primarily to an increase in reserves for specific credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
SEPTEMBER 30, 2008

ASSETS	SEPTEMBER 2007	AUGUST 2008	SEPTEMBER 2008
Investments:			
U.S. Government Securities	\$7,096,857,728.22	\$7,307,094,976.53	\$7,307,617,209.66
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits & Loans	0.00	0.00	0.00
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Total Advances to Credit Unions	0.00	0.00	0.00
Other Receivables:			
Due from Credit Unions	250,254,200.91	7,748.46	323,441,445.95
Loans due to NCUSIF	0.00	0.00	0.00
Recoveries from Liq. CU	10,746,621.34	101,482,898.65	88,493,849.78
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Total Other Receivables	261,000,822.25	101,490,647.11	411,935,295.73
Cash	5,870.59	100,239.32	203,851.78
Interest Receivable	68,514,186.29	62,744,751.99	71,816,333.85
Prepaid & Deferred Charges	0.00	616,551.41	0.00
Leased Assets	483,495.65	187,202.09	160,358.46
Other	21,459,554.45	20,225,908.13	20,104,106.36
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TOTAL ASSETS	\$7,448,321,657.45	\$7,492,460,276.58	\$7,811,837,155.84
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LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$4,407,659.50	\$9,251,210.54	\$7,717,332.61
Other	1,071,365.84	877,262.29	2,817,726.19
Check Clearing Accounts	2,972.91	2,525.37	9,152.72
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Total Current Liabilities	5,481,998.25	10,130,998.20	10,544,211.52
Provision for CU Losses (Reserves)	93,031,949.95	138,564,776.82	128,621,584.25
Lease Liabilities	529,899.82	178,944.85	179,413.73
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TOTAL LIABILITIES	99,043,848.02	148,874,719.87	139,345,209.50 1/
EQUITY			
CU Contributed Capital	5,574,739,703.87	5,659,963,680.14	5,974,827,149.22
Retained Earnings	1,774,538,105.56	1,683,621,876.57	1,697,664,797.12
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TOTAL EQUITY	7,349,277,809.43	7,343,585,556.71	7,672,491,946.34
TOTAL LIABILITIES & EQUITY	\$7,448,321,657.45	\$7,492,460,276.58	\$7,811,837,155.84
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending September 30, 2008

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

	SEP 07	AUG 08	SEP 08
1. Investments/Total Assets	95.28%	97.53%	93.55%
2. Total Equity/Insured Shares	1.31%	1.22%	1.28%
3. Prov. for Losses/CU Capital	1.67%	2.45%	2.15%
4. Non-Earning/Total Assets	4.43%	2.20%	6.20%
5. Available Asset Ratio	1.26%	1.22%	1.21%

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING SEPTEMBER 30, 2008

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2008	CY TO DATE BUDGETED 2008	CY TO DATE 2007
Investment Income	\$23,113,021.44	\$24,700,000.00	\$219,109,730.26	\$222,300,000.00	\$238,283,802.64
Other Income	68,423.89	75,000.00	1,067,704.88	675,000.00	816,341.83
Total Income	23,181,445.33	24,775,000.00	220,177,435.14	222,975,000.00	239,100,144.47
EXPENSE					
Employee Pay	4,714,191.12	4,060,174.19	36,325,313.22	36,169,148.65	35,176,093.59
Employee Benefits	1,146,116.82	1,110,871.47	9,599,721.52	9,900,336.97	9,380,181.83
Employee Travel	1,401,428.04	668,035.48	6,454,841.90	6,012,319.37	5,744,054.92
Rent/Communications/Utilities	358,715.17	180,594.97	1,549,824.14	1,625,354.71	1,663,704.64
Administrative Costs	561,162.51	513,020.57	3,614,120.91	4,617,185.12	3,738,357.41
Contracted Services	567,923.91	380,493.13	2,866,246.67	3,424,438.14	2,595,061.43
Subtotal NCUA Operating Exp.	8,749,537.57	6,913,189.81	60,410,068.36	61,748,782.96	58,297,453.82
AMAC Expense	0.00	1,000.00	14,596.95	9,000.00	259,801.51
Training Expense	91,877.21	100,000.00	856,377.16	900,000.00	790,660.60
Leasing Expense	27,312.51	30,667.00	248,778.23	276,003.00	271,734.09
Other Insurance Expense	6,088.49	3,000.00	25,698.29	27,000.00	26,343.09
Total Operating Exp.	8,874,815.78	7,047,856.81	61,555,518.99	62,960,785.96	59,645,993.11
Insurance Loss	263,709.00	4,500,000.00	137,170,576.42	40,500,000.00	25,415,921.15
Total Expense	9,138,524.78	11,547,856.81	198,726,095.41	103,460,785.96	85,061,914.26
NET INCOME	<u>\$14,042,920.55</u>	<u>\$13,227,143.19</u>	<u>\$21,451,339.73</u>	<u>\$119,514,214.04</u>	<u>\$154,038,230.21</u>
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			21,451,339.73		154,038,230.21
Dividends			1,697,664,797.12		1,826,068,408.43
			0.00		51,530,302.87
Retained Earnings, Year To Date			<u>\$1,697,664,797.12</u>		<u>\$1,774,538,105.56</u>

Comparative Analysis of NCUSIF Ratios for September 30, 2008

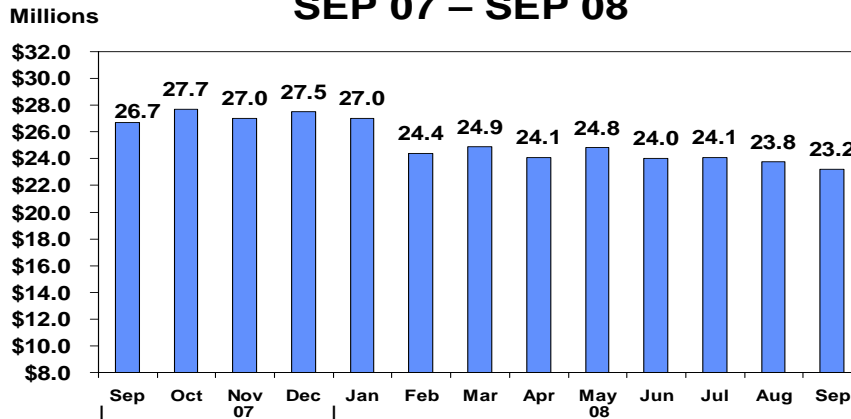
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	27.33%	38.28%	24.95%	27.96%
2. Ins. Loss/Total Income	117.90%	1.14%	10.63%	62.30%
3. Total Exp./Total Income	145.23%	39.42%	35.58%	90.26%
4. Net Income/Total Income	-45.23%	60.58%	64.42%	9.74%
5. Ins. Loss/Insured Shares	0.01%	0.00%	0.01%	0.03%

TABLE 3 - STATEMENT OF CASH FLOWS
September 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$ 203,813,533.45
Other income received	1,067,704.88
Advances to credit unions (FCU Act §208)	-
Cash paid for operating expenses	(89,636,956.80)
Net cash (paid) received for insurance losses	<u>(244,113,889.94)</u>
Net cash provided by operating activities	<u>(128,869,608.41)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	61,661,992.00
Collections on note receivable - National Credit Union Administration Operating Fund	<u>1,015,660.09</u>
Net cash provided by (used in) investing activities	<u>62,677,652.09</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions (distributions) from insured credit unions Cont Cap acct	66,283,108.08
Dividends to insured credit unions	-
Principal repayments under capital lease obligations	<u>(270,176.91)</u>
Net cash provided by financing activities	<u>66,012,931.17</u>
NET INCREASE (DECREASE) IN CASH	(179,025.15)
CASH, BEGINNING OF YEAR	<u>382,876.93</u>
CASH, ENDING SEPTEMBER 30, 2008	<u>\$ 203,851.78</u>

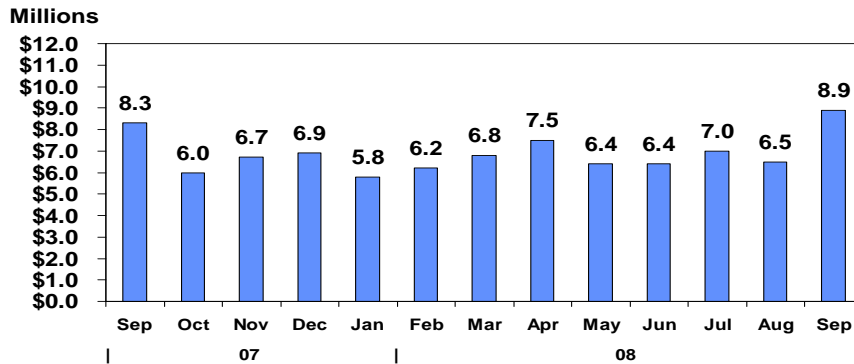
GROSS INCOME

SEP 07 – SEP 08



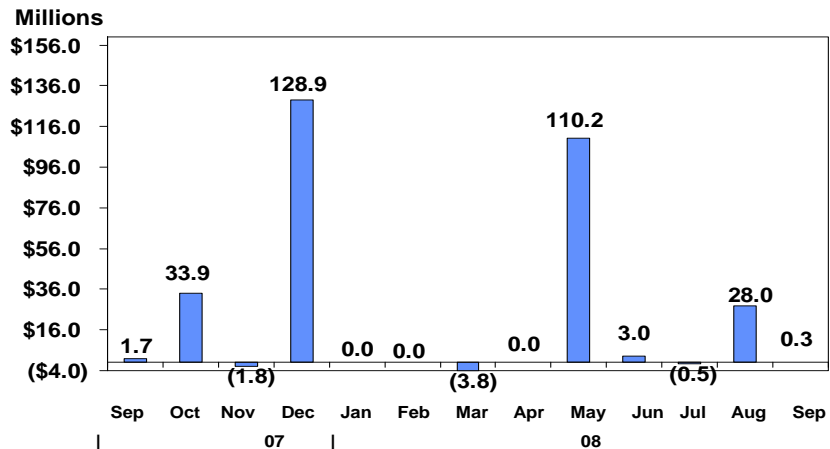
OPERATING EXPENSE

SEP 07 – SEP 08



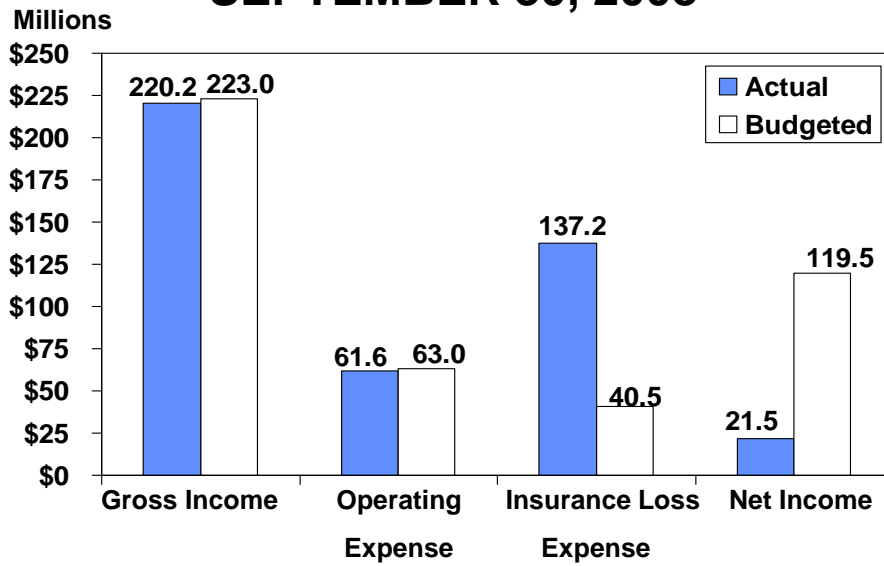
INSURANCE LOSS EXPENSE

SEP 07 – SEP 08



REVENUE AND EXPENSE

SEPTEMBER 30, 2008



NCUSIF EQUITY RATIO

SEPTEMBER 30, 2008

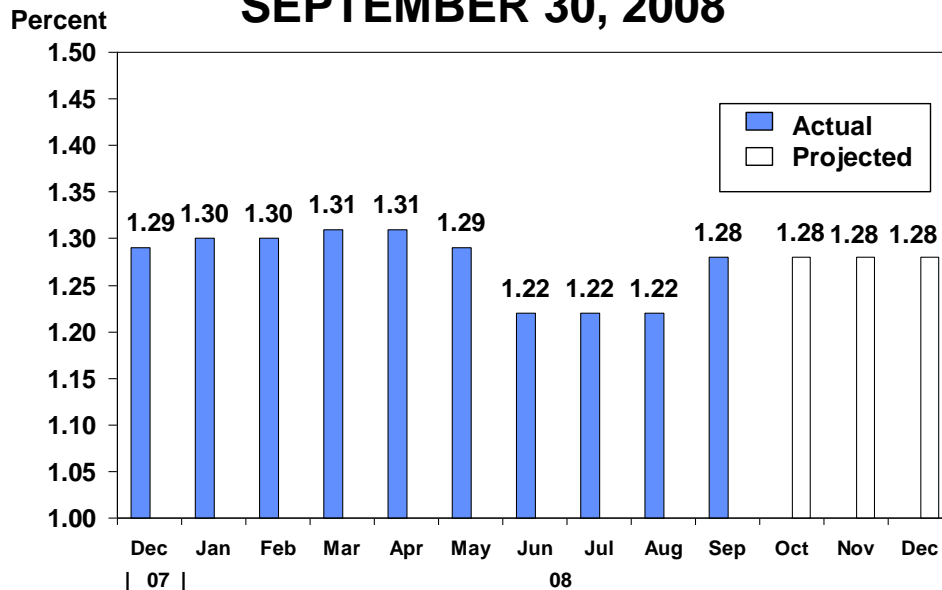


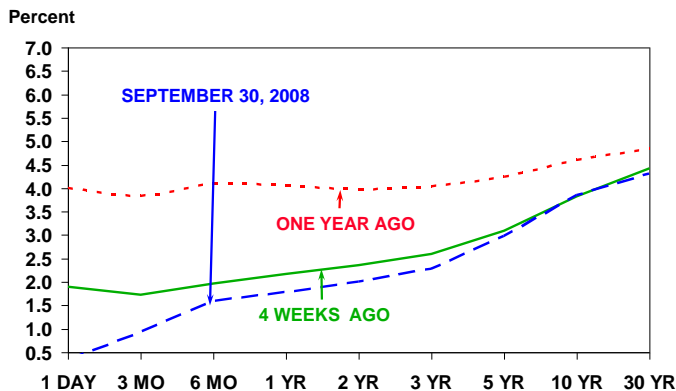
TABLE 4

INVESTMENT PORTFOLIO SUMMARY

September 30, 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	\$144,654,000	\$144,654,000	\$0	100.00%	1.59%
U.S. Treasury Notes	7,162,963,210	7,350,218,750	187,255,540	102.61%	3.91%
TOTAL	\$7,307,617,210	\$7,494,872,750	\$187,255,540	102.56%	3.87%
II. INVESTMENT PORTFOLIO PERFORMANCE					
	Last Month	Current Month	CY To Date	CY08 Projections	
Investment Yield	3.84%	3.87%	3.98%	3.98%	
Investment Income	\$23,693,118	\$23,113,021	\$219,109,730	\$296,000,000	
Income Budgeted	\$24,700,000	\$24,700,000	\$222,300,000	\$296,000,000	
Income/Budgeted Ratio	95.9%	93.6%	98.6%	100.00%	
Weighted Avg. Maturity in Days	844	814			
III. MONTHLY ACTIVITY					
Purchase	Type	Amount	Maturity	Yield	
TOTAL		\$0			
IV. MATURITY SCHEDULE (par value in millions)					
3 months or less	\$794.7				
3 months - 1 year	1,750.0				
1 year - 2 years	1,250.0				
2 years - 3 years	1,000.0				
3 years - 4 years	1,150.0				
4 years - 5 years	1,150.0				
5 years - 10 years	150.0				
TOTAL	\$7,244.7				

TREASURY YIELD CURVE



MATURITY SCHEDULE

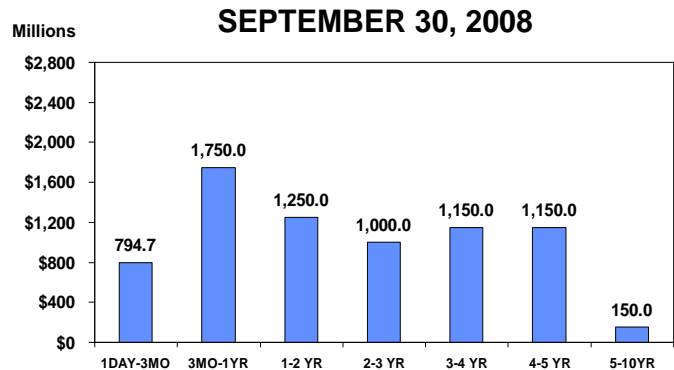


TABLE 5

MONTHLY YIELD COMPARISONS

September 30, 2008

YIELD COMPARISONS								
	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08
NCUSIF Yield	4.10%	4.01%	3.99%	3.93%	3.94%	3.84%	3.84%	3.87%
90-day T-Bill	1.85%	1.38%	1.43%	1.89%	1.90%	1.68%	1.72%	0.92%
1-year T-Bill	1.77%	1.55%	1.85%	2.22%	2.26%	2.27%	2.18%	1.78%
2-year T-Note	1.65%	1.62%	2.23%	2.66%	2.63%	2.52%	2.36%	2.00%
30-year T-Note	4.41%	4.30%	4.49%	4.72%	4.53%	4.59%	4.43%	4.31%

**YIELD COMPARISONS
SEPTEMBER 30, 2008**

