

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 AUGUST 31, 2006

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS
August 31, 2006

Balance Sheet:

Share Deposits and Loans — of \$25 million is for outstanding 208 assistance.

Interest Receivable — net decrease of \$7.8 million is due to a combination of \$16.6 million in accrued interest earned in August and payments of \$24.4 million received by the NCUSIF in August.

Prepaid & Deferred Charges — is \$0 for August. \$7.0 million was transferred to the operating fund to cover 57% of the agency's operating costs. August's actual operating costs were \$7.0 million.

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

NCUSIF Equity — increased to 1.27% for August. The equity ratio is based upon an insured share base of \$532.4 billion for June 30, 2006.

Statement of Revenue and Expense:

Investment Income — is approximately \$524.0 thousand more than the previous month due to rising interest rates.

NCUSIF Total Operating Expense — of \$7.2 million includes \$162.2 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 \$.3 million for August. This represents new reserves or reserve increases for specific problem credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
August 31, 2006

ASSETS	AUGUST 2005	JULY 2006	AUGUST 2006
Investments:			
U.S. Government Securities	\$6,460,424,828.45	\$6,706,154,104.69	\$6,727,700,780.71
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits & Loans	0.00	25,000,000.00	25,000,000.00
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Total Advances to Credit Unions	0.00	25,000,000.00	25,000,000.00
Other Receivables:			
Due from Credit Unions	46,043.51	101,162.92	5,987.44
Loans due to NCUSIF	5,780,910.69	0.00	0.00
Recoveries from Liq. CU	23,735,497.20	11,457,175.13	12,359,723.30
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Total Other Receivables	29,562,451.40	11,558,338.05	12,365,710.74
Cash	5,725.21	18,722.93	6,226.76
Interest Receivable	30,986,953.20	46,852,533.41	39,077,143.11
Prepaid & Deferred Charges	0.00	116,775.30	0.00
Leased Assets	240,497.41	903,156.13	874,845.46
Other	24,250,120.57	23,034,881.32	23,036,236.51
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TOTAL ASSETS	\$6,545,470,576.24	\$6,813,638,511.83	\$6,828,060,943.29
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 LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$13,159,158.26	\$4,954,958.96	\$4,821,517.44
Other	110,052.84	20,370.77	27,061.70
Check Clearing Accounts	5,892.50	22,903.81	6,142.89
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	13,275,103.60	4,998,233.54	4,854,722.03
Provision for CU Losses (Reserves)	69,225,581.78	73,478,384.00	71,679,065.77
Lease Liabilities	210,963.52	894,948.75	895,318.43
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TOTAL LIABILITIES	\$82,711,648.90	\$79,371,566.29	\$77,429,106.23 1/
 EQUITY			
CU Contributed Capital	\$5,000,114,987.18	\$5,150,303,934.22	\$5,150,368,733.34
Retained Earnings	1,462,643,940.16	1,583,963,011.32	1,600,263,103.72
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TOTAL EQUITY	\$6,462,758,927.34	\$6,734,266,945.54	\$6,750,631,837.06
TOTAL LIABILITIES & EQUITY	\$6,545,470,576.24	\$6,813,638,511.83	\$6,828,060,943.29
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending August 31, 2006

	AUG 05	JUL 06	AUG 06
1/ Does not include unreserved contingent liabilities of \$1.4 million in an indemnification expiring in Dec 06.			
1. Investments/Total Assets	98.70%	98.42%	98.53%
2. Total Equity/Insured Shares	1.26%	1.26%	1.27%
3. Prov. for Losses/CU Capital	1.38%	1.43%	1.39%
4. Non-Earning/Total Assets	0.93%	0.87%	0.77%
5. Available Asset Ratio	1.23%	1.23%	1.24%

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING AUGUST 31, 2006

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2006	CY TO DATE BUDGETED 2006	CY TO DATE 2005
Investment Income	\$23,599,979.95	\$20,000,000.00	\$166,619,032.45	\$168,000,000.00	\$106,624,849.70
Other Income	191,319.24	70,000.00	698,504.75	\$560,000.00	409,132.60
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Total Income	23,791,299.19	20,070,000.00	167,317,537.20	168,560,000.00	107,033,982.30
EXPENSE					
Employee Pay	4,283,310.26	4,072,146.98	\$32,531,854.10	29,281,880.88	31,343,682.65
Employee Benefits	1,103,249.85	1,104,438.19	\$8,914,908.37	7,932,242.52	8,158,863.77
Employee Travel	564,022.89	653,807.06	\$4,194,289.96	4,976,986.76	4,005,078.82
Rent/Communications/Utilities	186,849.67	189,990.67	\$1,377,678.78	1,329,934.67	1,391,351.94
Administrative Costs	531,488.25	557,187.26	\$3,984,990.93	3,900,310.85	3,806,320.44
Contracted Services	347,270.04	421,880.22	\$2,266,151.99	2,953,161.59	1,996,764.97
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Subtotal NCUA Operating Exp.	7,016,190.96	6,999,450.38	53,269,874.13	50,374,517.27	50,702,062.59
AMAC Expense	0.00	1,000.00	2,714.87	8,000.00	313.51
Training Expense	130,366.81	100,000.00	614,882.15	800,000.00	623,189.66
Leasing Expense	28,680.35	32,000.00	304,009.95	256,000.00	278,832.09
Other Insurance Expense	3,113.55	5,000.00	47,252.63	40,000.00	22,873.35
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Total Operating Exp.	7,178,351.67	7,137,450.38	54,238,733.73	51,478,517.27	51,627,271.20
Insurance Loss	312,855.12	2,000,000.00	3,228,727.65	16,000,000.00	8,927,028.49
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Total Expense	7,491,206.79	9,137,450.38	57,467,461.38	67,478,517.27	60,554,299.69
NET INCOME	\$16,300,092.40	\$10,932,549.62	\$109,850,075.82	\$101,081,482.73	\$46,479,682.61
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Retained Earnings, Beginning of Year			\$1,490,413,027.90		\$1,416,164,257.55
Prior Year Adjustment			0.00		0.00
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As Restated			1,490,413,027.90		1,416,164,257.55
Net Income			109,850,075.82		46,479,682.61
			-----		-----
Dividends			1,600,263,103.72		1,462,643,940.16
			0.00		0.00
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Retained Earnings, Year To Date			\$1,600,263,103.72		\$1,462,643,940.16
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Comparative Analysis of NCUSIF Ratios for August 31, 2006

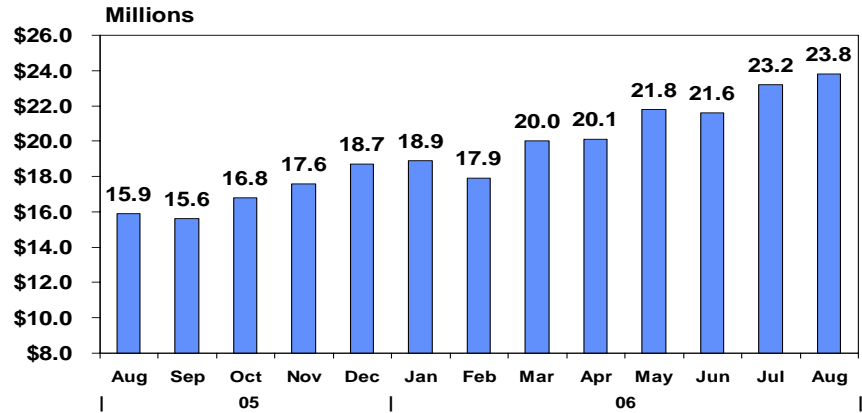
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	30.27%	30.17%	48.23%	32.42%
2. Ins. Loss/Total Income	5.26%	1.31%	8.34%	1.93%
3. Total Exp./Total Income	35.53%	31.49%	56.57%	34.35%
4. Net Income/Total Income	64.47%	68.51%	43.43%	65.65%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.00%

TABLE 3 - STATEMENT OF CASH FLOWS
August 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$185,324,356.65
Other income received	(24,301,495.25)
Cash paid for operating expenses	(56,396,009.14)
Net cash (paid) received for insurance losses	<u>(2,732,647.97)</u>
Net cash provided by operating activities	101,894,204.29
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(126,700,616.37)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>739,313.18</u>
Net cash provided by (used in) investing activities	(125,961,303.19)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	24,067,817.64
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	24,067,817.64
NET INCREASE (DECREASE) IN CASH	718.74
CASH, BEGINNING OF YEAR	5,508.02
CASH, ENDING AUGUST 31, 2006	<u><u>\$6,226.76</u></u>

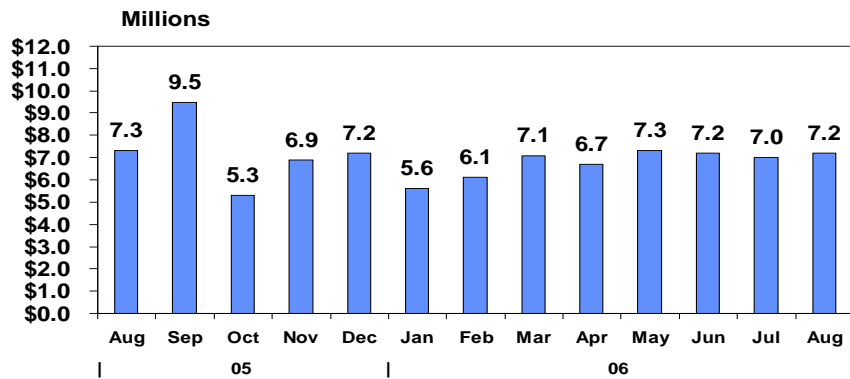
GROSS INCOME

Aug 05 – Aug 06



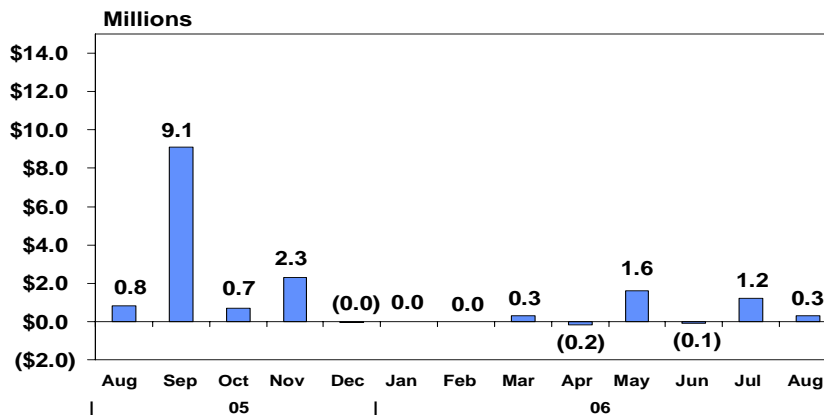
OPERATING EXPENSE

Aug 05 – Aug 06



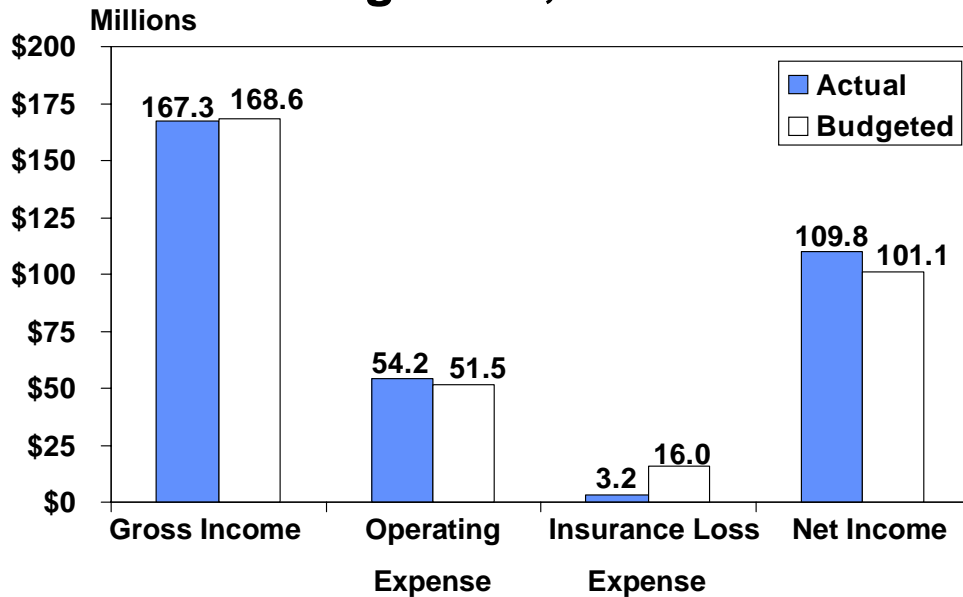
INSURANCE LOSS EXPENSE

Aug 05 – Aug 06



REVENUE AND EXPENSE

August 31, 2006



NCUSIF EQUITY RATIO

August 31, 2006

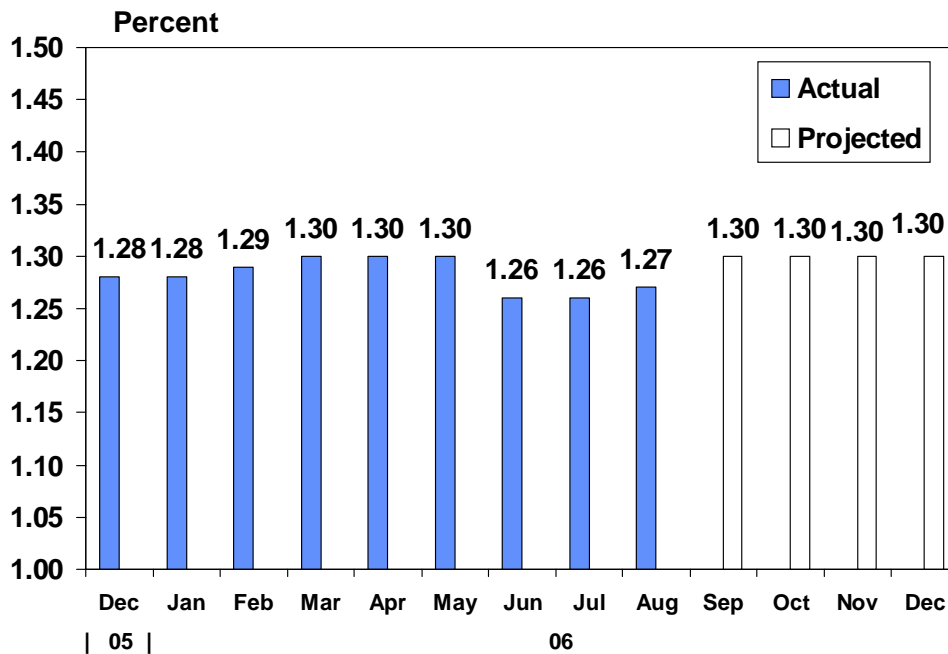


TABLE 4

INVESTMENT PORTFOLIO SUMMARY

August 31, 2006

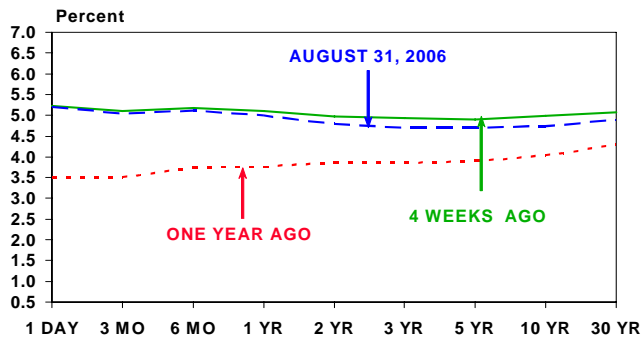
I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$1,513,281,000	\$1,513,281,000	\$0	100.0%	5.22%
U.S. Treasury Notes	\$5,214,419,781	\$5,175,500,000	(\$38,919,781)	99.3%	3.90%
TOTAL	\$6,727,700,781	\$6,688,781,000	(\$38,919,781)	99.4%	4.18%

II. INVESTMENT PORTFOLIO PERFORMANCE				
	Last Month	Current Month	CY To Date	CY06 Projections
Investment Yield	4.00%	4.07%	3.70%	4.00%
Investment Income	\$23,075,951	\$23,599,980	\$166,619,032	248 Million
Income Budgeted	\$20,000,000	\$20,000,000	\$168,000,000	248 Million
Income/Budgeted Ratio	115.4%	118.0%	99.2%	100.00%
Weighted Avg. Maturity in Days	554	528		

III. MONTHLY ACTIVITY				
Purchase	Type	Amount	Maturity	Yield
TOTAL		\$0		

IV. MATURITY SCHEDULE (par value in millions)	
3 months or less	2,113.3
3 months - 1 year	1,250.0
1 year - 2 years	1,600.0
2 years - 3 years	800.0
3 years - 4 years	200.0
4 years - 5 years	800.0
TOTAL	\$6,763.3

TREASURY YIELD CURVE



MATURITY SCHEDULE

August 31, 2006

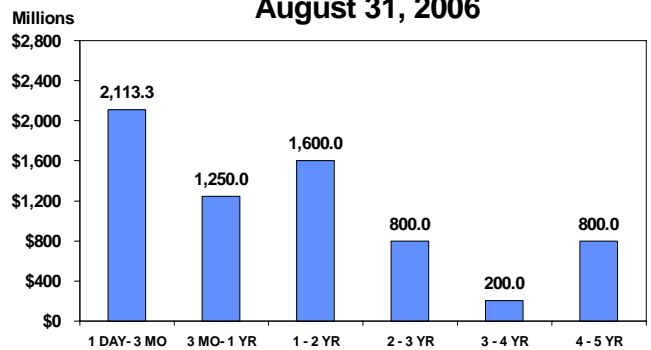


TABLE 5

MONTHLY YIELD COMPARISONS

August 31, 2006

YIELD COMPARISONS							
	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06
NCUSIF Yield	3.45%	3.52%	3.60%	3.77%	3.86%	4.00%	4.07%
90 day T-Bill	4.61%	4.62%	4.76%	4.84%	5.02%	5.10%	5.03%
1 year T-Bill	4.71%	4.82%	4.89%	5.06%	5.23%	5.10%	4.99%
2 year T-Note	4.67%	4.85%	4.87%	5.05%	5.17%	4.97%	4.78%
30 year T-Note	4.53%	4.93%	5.15%	5.24%	5.21%	5.08%	4.88%

YIELD COMPARISONS
August 31, 2006

