

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 AUGUST 31, 2008

**MARY ANN WOODSON
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS

August 31, 2008

Balance Sheet:

Advances to Credit Unions: Share Deposits — An outstanding loan due to the NCUSIF was paid reducing the balance to \$0.

Interest Receivable — net decrease of \$9.8 million is due to a combination of \$23.3 million in accrued interest earned in August, \$0.7 million due to the purchase of three Treasury notes and payments of \$33.8 million received by the NCUSIF in August.

Prepaid & Deferred Charges — is \$0.6 million for August. \$7.0 million was transferred to the operating fund to cover 52.0% of the agency's operating costs. August's actual operating costs were \$6.4 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 — decreased to \$9.3 million primarily due to an outstanding loan due to the NCUSIF that was paid.

Accounts Payable: Other — net increase of \$853 thousand primarily due to an estimated loss accrued for cash assistance for a merging credit union.

Provision for Credit Union Losses (Reserves) — increased to \$138.6 million as a result of \$9.7 million additional reserves for problem credit unions and \$18.3 million added to the National Pool Reserves.

NCUSIF Equity — remains at 1.22% for August. The equity ratio is based upon an insured share base of \$601.6 billion at June 30, 2008, up from the previous estimated amount of \$594.0 billion.

Statement of Revenue and Expense:

NCUSIF Total Operating Expense — of \$6.5 million includes \$109.2 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 — of \$28 million is due primarily to a \$9.7 million increase in reserves for specific credit unions and \$18.3 million added to the National Pool Reserves.

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

ASSETS	AUGUST 2007	JULY 2008	AUGUST 2008
Investments:			
U.S. Government Securities	\$7,117,976,481.25	\$7,289,935,704.17	\$7,307,094,976.53
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits & Loans	0.00	100,000,000.00	0.00
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Total Advances to Credit Unions	0.00	100,000,000.00	0.00
Other Receivables:			
Due from Credit Unions	16,746.32	17,613.93	7,748.46
Loans due to NCUSIF	0.00	0.00	0.00
Recoveries from Liq. CU	10,635,065.42	85,141,112.36	101,482,898.65
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Total Other Receivables	10,651,811.74	85,158,726.29	101,490,647.11
Cash	5,703.33	5,157.27	100,239.32
Interest Receivable	48,923,153.90	72,508,528.95	62,744,751.99
Prepaid & Deferred Charges	588,568.77	111,790.70	616,551.41
Leased Assets	496,447.69	214,441.21	187,202.09
Other	21,535,415.80	20,441,733.25	20,225,908.13 ▼
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TOTAL ASSETS	<u><u>\$7,200,177,582.48</u></u>	<u><u>\$7,568,376,081.84</u></u>	<u><u>\$7,492,460,276.58</u></u>
LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$4,322,457.59	\$105,208,672.47	\$9,251,210.54
Other	62,545.74	23,818.17	877,262.29 ▼
Check Clearing Accounts	2,964.52	3,040.81	2,525.37
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Total Current Liabilities	4,387,967.85	105,235,531.45	10,130,998.20
Provision for CU Losses (Reserves)	91,015,269.67	108,634,146.41	138,564,776.82
Lease Liabilities	528,514.98	178,477.20	178,944.85
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TOTAL LIABILITIES	95,931,752.50	214,048,155.06	148,874,719.87 ▼ 1/
EQUITY			
CU Contributed Capital	5,346,486,506.10	5,659,961,526.52	5,659,963,680.14
Retained Earnings	1,757,759,323.88	1,694,366,400.26	1,683,621,876.57
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TOTAL EQUITY	7,104,245,829.98	7,354,327,926.78	7,343,585,556.71
TOTAL LIABILITIES & EQUITY	<u><u>\$7,200,177,582.48</u></u>	<u><u>\$7,568,376,081.84</u></u>	<u><u>\$7,492,460,276.58</u></u>

COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS

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

for Period Ending August 31, 2008

	AUG 07	JUL 08	AUG 08
1. Investments/Total Assets	98.86%	96.32%	97.53%
2. Total Equity/Insured Shares	1.27%	1.22%	1.22%
3. Prov. for Losses/CU Capital	1.70%	1.92%	2.45%
4. Non-Earning/Total Assets	0.84%	2.09%	2.20%
5. Available Asset Ratio	1.26%	1.20%	1.21%

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

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2008	CY TO DATE BUDGETED 2008	CY TO DATE 2007
Investment Income	\$23,693,118.10	\$24,700,000.00	\$195,996,708.82	\$197,600,000.00	\$211,641,883.93
Other Income	64,600.36	75,000.00	999,280.99	600,000.00	728,935.12
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Total Income	23,757,718.46	24,775,000.00	196,995,989.81	198,200,000.00	212,370,819.05
EXPENSE					
Employee Pay	4,017,752.58	3,873,964.67	31,611,122.10	32,108,974.46	31,239,694.98
Employee Benefits	1,086,879.34	1,062,118.35	8,453,604.70	8,789,465.50	8,338,138.06
Employee Travel	655,774.99	668,035.49	5,053,413.86	5,344,283.89	4,383,979.54
Rent/Communications/Utilities	181,500.06	180,594.97	1,191,108.97	1,444,759.74	1,157,143.69
Administrative Costs	(2,643.64)	513,020.57	3,052,958.40	4,104,164.55	3,033,329.91
Contracted Services	444,185.26	380,493.12	2,298,322.76	3,043,945.01	2,141,668.84
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Subtotal NCUA Operating Exp.	6,383,448.59	6,678,227.17	51,660,530.79	54,835,593.15	50,293,955.02
AMAC Expense	0.00	1,000.00	14,596.95	8,000.00	170,303.28
Training Expense	78,908.15	100,000.00	764,499.95	800,000.00	624,187.63
Leasing Expense	27,706.77	30,667.00	221,465.72	245,336.00	257,397.21
Other Insurance Expense	2,579.64	3,000.00	19,609.80	24,000.00	21,760.23
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Total Operating Exp.	6,492,643.15	6,812,894.17	52,680,703.21	55,912,929.15	51,367,603.37
Insurance Loss	28,009,599.00	4,500,000.00	136,906,867.42	36,000,000.00	23,743,767.15
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Total Expense	34,502,242.15	11,312,894.17	189,587,570.63	91,912,929.15	75,111,370.52
NET INCOME	(\$10,744,523.69)	\$13,462,105.83	\$7,408,419.18	\$106,287,070.85	\$137,259,448.53
	=====	=====	=====	=====	=====
Retained Earnings, Beginning of Year			\$1,676,213,457.39		\$1,672,030,178.22
Prior Year Adjustment			0.00		0.00
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As Restated			1,676,213,457.39		1,672,030,178.22
Net Income			7,408,419.18		137,259,448.53
			-----		-----
Dividends			1,683,621,876.57		1,809,289,626.75
			0.00		51,530,302.87
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Retained Earnings, Year To Date			\$1,683,621,876.57		\$1,757,759,323.88
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Comparative Analysis of NCUSIF Ratios for August 31, 2008

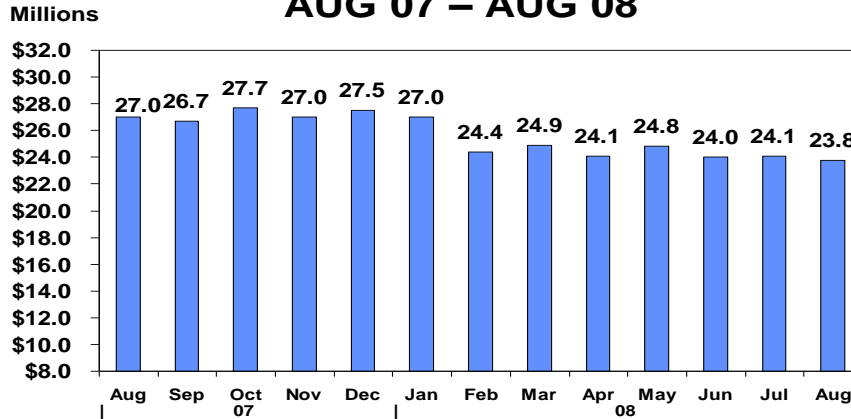
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	29.16%	27.33%	24.19%	26.74%
2. Ins. Loss/Total Income	-2.17%	117.90%	11.18%	69.50%
3. Total Exp./Total Income	26.98%	145.23%	35.37%	96.24%
4. Net Income/Total Income	73.02%	-45.23%	64.63%	3.76%
5. Ins. Loss/Insured Shares	0.00%	0.01%	0.01%	0.03%

TABLE 3 - STATEMENT OF CASH FLOWS
August 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$ 188,868,327.00
Other income received	999,280.99
Advances to credit unions (FCU Act §208)	-
Cash paid for operating expenses	(83,353,096.19)
Net cash (paid) received for insurance losses	<u>(245,362,159.31)</u>
Net cash provided by operating activities	<u>(138,847,647.51)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	63,087,992.00
Collections on note receivable - National Credit Union Administration Operating Fund	<u>893,858.32</u>
Net cash provided by (used in) investing activities	<u>63,981,850.32</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions (distributions) from insured credit unions Cont Cap acct	74,853,336.49
Dividends to insured credit unions	-
Principal repayments under capital lease obligations	<u>(270,176.91)</u>
Net cash provided by financing activities	<u>74,583,159.58</u>
NET INCREASE (DECREASE) IN CASH	(282,637.61)
CASH, BEGINNING OF YEAR	<u>382,876.93</u>
CASH, ENDING AUGUST 31, 2008	<u><u>\$ 100,239.32</u></u>

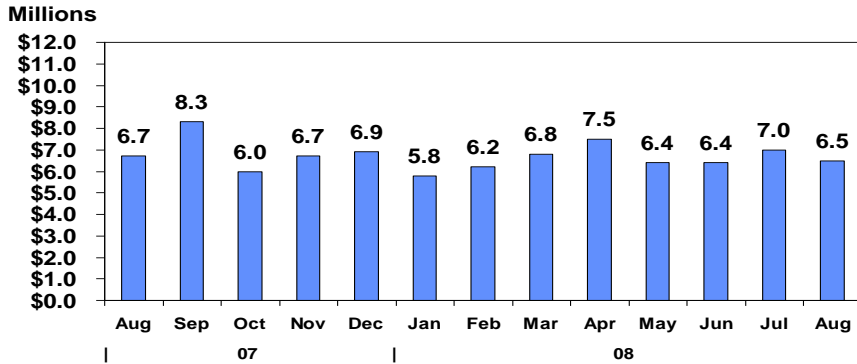
GROSS INCOME

AUG 07 – AUG 08



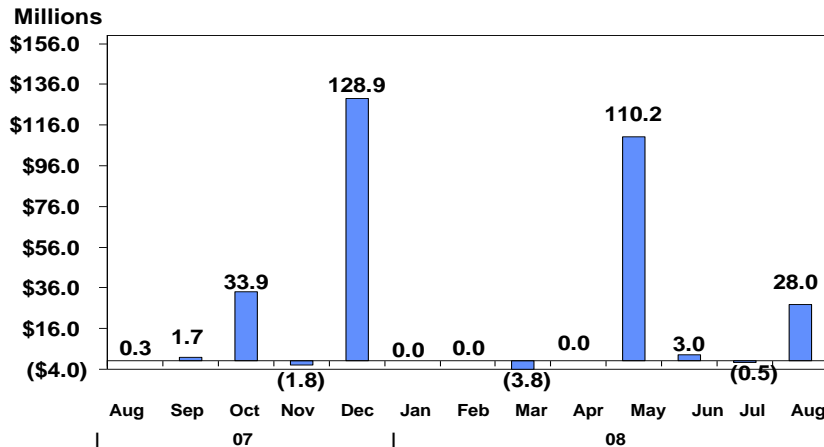
OPERATING EXPENSE

AUG 07 – AUG 08



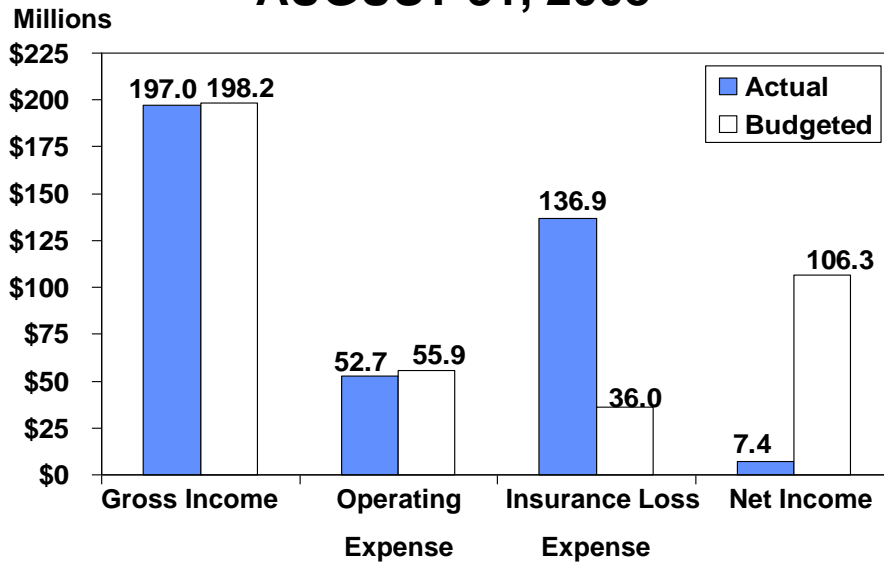
INSURANCE LOSS EXPENSE

AUG 07 – AUG 08



REVENUE AND EXPENSE

AUGUST 31, 2008



NCUSIF EQUITY RATIO

AUGUST 31, 2008

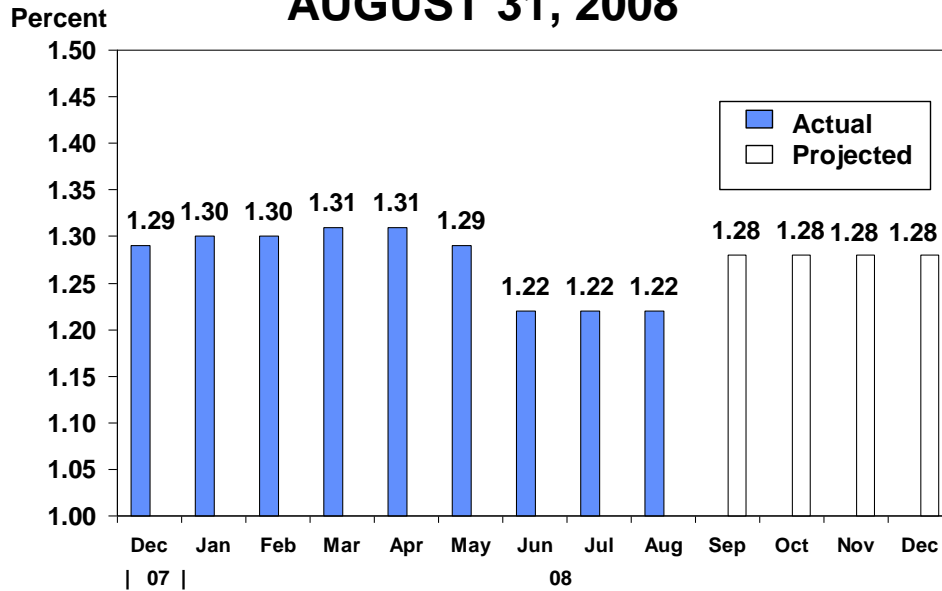


TABLE 4

INVESTMENT PORTFOLIO SUMMARY

Final 10/8/08

AUGUST 31, 2008

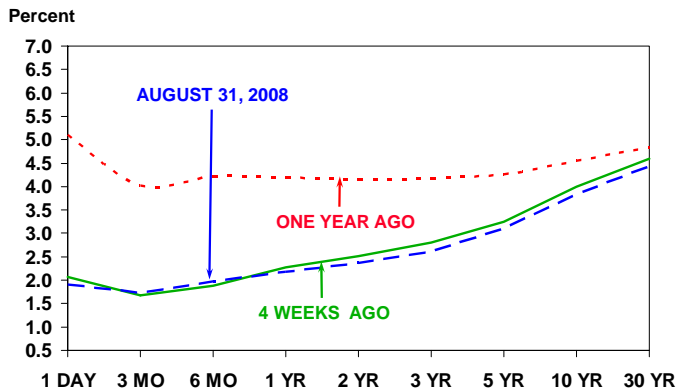
I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	Gain or (Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$143,228,000	\$143,228,000	\$0	100.00%	2.04%
U.S. Treasury Notes	7,163,866,977	7,319,796,875	155,929,898	102.18%	3.98%
TOTAL	\$7,307,094,977	\$7,463,024,875	\$155,929,898	102.13%	3.84%

II. INVESTMENT PORTFOLIO PERFORMANCE				
	Last Month	Current Month	CY To Date	CY08 Projections
Investment Yield	3.84%	3.84%	3.99%	3.98%
Investment Income	\$23,897,934	\$23,693,118	\$195,996,708	\$296,000,000
Income Budgeted	\$24,700,000	\$24,700,000	\$197,600,000	\$296,000,000
Income/Budgeted Ratio	96.8%	95.9%	99.2%	100.00%
Weighted Avg. Maturity in Days	729	844		

III. MONTHLY ACTIVITY				
Purchase	Type	Amount	Maturity	Yield
8/26/2008	Treasury Note	\$150,000,000	8/15/2012	2.81%
8/26/2008	Treasury Note	350,000,000	8/15/2013	3.06%
8/26/2008	Treasury Note	50,000,000	8/15/2018	3.80%
TOTAL		\$550,000,000		

IV. MATURITY SCHEDULE (par value in millions)	
3 months or less	\$793.2
3 months - 1 year	1,750.0
1 year - 2 years	1,250.0
2 years - 3 years	800.0
3 years - 4 years	1,250.0
4 years - 5 years	1,250.0
5 years - 10 years	150.0
TOTAL	\$7,243.2

TREASURY YIELD CURVE



MATURITY SCHEDULE

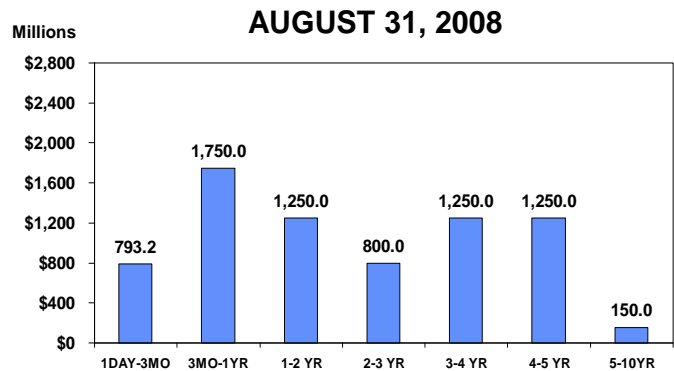


TABLE 5

MONTHLY YIELD COMPARISONS

Final 10/8/08

AUGUST 31, 2008

YIELD COMPARISONS								
	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08
NCUSIF Yield	4.30%	4.10%	4.01%	3.99%	3.93%	3.94%	3.84%	3.84%
90-day T-Bill	1.96%	1.85%	1.38%	1.43%	1.89%	1.90%	1.68%	1.72%
1-year T-Bill	2.11%	1.77%	1.55%	1.85%	2.22%	2.26%	2.27%	2.18%
2-year T-Note	2.17%	1.65%	1.62%	2.23%	2.66%	2.63%	2.52%	2.36%
30-year T-Note	4.35%	4.41%	4.30%	4.49%	4.72%	4.53%	4.59%	4.43%

YIELD COMPARISONS AUGUST 31, 2008

