

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 OCTOBER 31, 2006

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS
October 31, 2006

Balance Sheet:

Investments — increased by \$187.3 million due primarily to the collection of one percent deposit adjustments due from credit unions on October 25, 2006.

Share Deposits and Loans — remained at \$15.0 million for outstanding 208 assistance.

Other Receivables: Due from Credit Unions — Credit unions with assets of \$50 million or greater that increased in insured shares from January 1, 2006 thru June 30, 2006, were invoiced \$182.3 million in capitalization deposit adjustments on September 14, 2006. The \$5.1 million represents the outstanding balance that was due on October 25, 2006.

Interest Receivable — net increase of \$2.9 million is due to a combination of \$16.1 million in accrued interest earned in October, \$6.1 million due to the purchase of three Treasury notes and payments of \$19.3 million received by the NCUSIF in October.

Prepaid & Deferred Charges — is \$1.1 million for October. \$7.0 million was transferred to the operating fund to cover 57% of the agency's operating costs. October's actual operating costs were \$5.9 million.

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

NCUSIF Equity — remained at 1.30% for October. 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 \$1.4 million more than the previous month due to one more day of interest earned in October.

NCUSIF Total Operating Expense — of \$6.0 million includes \$54.9 thousand in direct expenses paid by the NCUSIF for state examiner training, leasing expense for state examiner laptop computers, and other insurance related items.

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

ASSETS	OCTOBER 2005	SEPTEMBER 2006	OCTOBER 2006
Investments:			
U.S. Government Securities	\$6,579,783,391.10	\$6,714,202,424.82	\$6,901,540,370.46
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits & Loans	0.00	15,000,000.00	15,000,000.00
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Total Advances to Credit Unions	0.00	15,000,000.00	15,000,000.00
Other Receivables:			
Due from Credit Unions	8,660,049.67	179,292,402.01	5,139,992.61
Loans due to NCUSIF	0.00	0.00	0.00
Recoveries from Liq. CU	16,484,855.03	11,955,574.64	12,135,671.49
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Total Other Receivables	25,144,904.70	191,247,976.65	17,275,664.10
Cash	5,485.63	14,746.39	418,848.77
Interest Receivable	49,145,615.61	55,131,497.37	57,987,065.78
Prepaid & Deferred Charges	1,876,328.32	0.00	1,080,406.50
Leased Assets	171,953.90	846,579.05	818,324.05
Other	24,010,939.84	22,796,534.89	22,684,690.10
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TOTAL ASSETS	\$6,680,138,619.10	\$6,999,239,759.17	\$7,016,805,369.76
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LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$10,315,700.92	\$4,463,243.44	\$4,338,060.73
Other	104,184.86	1,124,162.55	60,991.34
Check Clearing Accounts	16,019.19	89,765.58	13,179.78
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	10,435,904.97	5,677,171.57	4,412,231.85
Provision for CU Losses (Reserves)	69,984,645.12	70,892,936.80	71,192,229.16
Lease Liabilities	105,557.72	895,676.33	805,950.14
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TOTAL LIABILITIES	\$80,526,107.81	\$77,465,784.70	\$76,410,411.15 1/
EQUITY			
CU Contributed Capital	\$5,129,090,123.78	\$5,305,530,486.17	\$5,305,492,295.17
Retained Earnings	1,470,522,387.51	1,616,243,488.30	1,634,902,663.44
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TOTAL EQUITY	\$6,599,612,511.29	\$6,921,773,974.47	\$6,940,394,958.61
TOTAL LIABILITIES & EQUITY	\$6,680,138,619.10	\$6,999,239,759.17	\$7,016,805,369.76
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending October 31, 2006

		OCT 05	SEP 06	OCT 06
1/ Does not include unreserved contingent liabilities of \$1.4 million in an indemnification expiring in Dec 06.	1. Investments/Total Assets	98.42%	95.93%	98.36%
	2. Total Equity/Insured Shares	1.29%	1.30%	1.30%
	3. Prov. for Losses/CU Capital	1.36%	1.34%	1.34%
	4. Non-Earning/Total Assets	1.22%	3.53%	1.11%
	5. Available Asset Ratio	1.25%	1.24%	1.28%

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

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2006	CY TO DATE BUDGETED 2006	CY TO DATE 2005
Investment Income	\$24,484,062.45	\$20,000,000.00	\$214,201,905.89	\$208,000,000.00	\$138,866,628.12
Other Income	149,606.95	70,000.00	1,031,134.24	\$700,000.00	527,885.09
Total Income	24,633,669.40	20,070,000.00	215,233,040.13	208,700,000.00	139,394,513.21
EXPENSE					
Employee Pay	4,093,225.14	4,266,359.99	\$40,927,082.18	42,080,960.86	39,562,072.27
Employee Benefits	1,145,583.07	1,154,731.99	\$11,141,679.96	11,396,438.49	10,121,603.45
Employee Travel	105,017.02	653,807.06	\$5,847,437.80	6,938,407.95	5,326,802.37
Rent/Communications/Utilities	50,700.62	189,990.67	\$1,733,579.77	1,899,906.67	1,777,967.46
Administrative Costs	413,381.36	557,187.26	\$4,569,279.73	5,571,872.64	5,708,846.95
Contracted Services	111,686.29	421,880.23	\$3,013,586.32	4,218,802.28	2,611,717.56
Subtotal NCUA Operating Exp.	5,919,593.50	7,243,957.20	67,232,645.76	72,106,388.89	65,109,010.06
AMAC Expense	0.00	1,000.00	2,714.87	10,000.00	326.11
Training Expense	27,601.21	100,000.00	763,082.94	1,000,000.00	892,420.51
Leasing Expense	28,587.78	32,000.00	361,222.04	320,000.00	347,843.33
Other Insurance Expense	(1,288.23)	5,000.00	49,344.11	50,000.00	39,570.75
Total Operating Exp.	5,974,494.26	7,381,957.20	68,409,009.72	73,486,388.89	66,389,170.76
Insurance Loss	0.00	2,000,000.00	2,334,394.87	20,000,000.00	18,647,212.49
Total Expense	5,974,494.26	9,381,957.20	70,743,404.59	93,486,388.89	85,036,383.25
NET INCOME	\$18,659,175.14	\$10,688,042.80	\$144,489,635.54	\$115,213,611.11	\$54,358,129.96
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			144,489,635.54		54,358,129.96
Dividends			1,634,902,663.44		1,470,522,387.51
			0.00		0.00
Retained Earnings, Year To Date			\$1,634,902,663.44		\$1,470,522,387.51

Comparative Analysis of NCUSIF Ratios for October 31, 2006

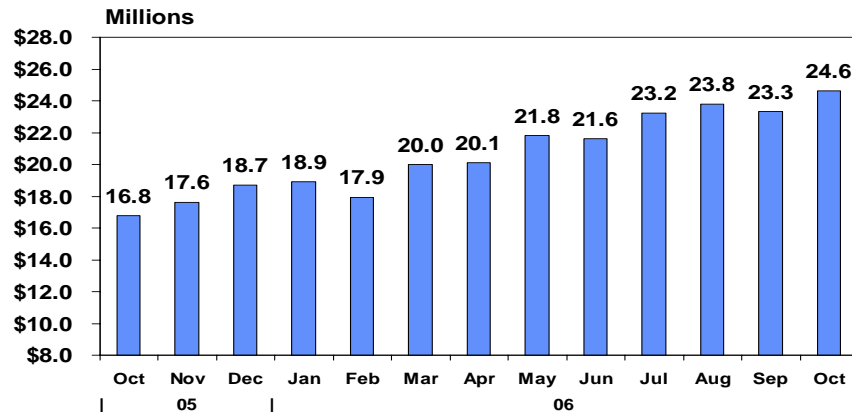
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	35.20%	24.25%	47.63%	31.78%
2. Ins. Loss/Total Income	-3.84%	0.00%	13.38%	1.08%
3. Total Exp./Total Income	31.36%	24.25%	61.00%	32.87%
4. Net Income/Total Income	68.64%	75.75%	39.00%	67.13%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.00%

TABLE 3 - STATEMENT OF CASH FLOWS
October 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$212,463,592.67
Other income received	1,031,134.24
Advances to credit unions (FCU Act §208)	(15,000,000.00)
Cash paid for operating expenses	(71,548,513.01)
Net cash (paid) received for insurance losses	<u>(2,584,556.70)</u>
Net cash provided by operating activities	124,361,657.20
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(299,096,550.34)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>1,090,859.59</u>
Net cash provided by (used in) investing activities	(298,005,690.75)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	174,057,374.30
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	174,057,374.30
NET INCREASE (DECREASE) IN CASH	413,340.75
CASH, BEGINNING OF YEAR	5,508.02
CASH, ENDING OCTOBER 31, 2006	<u><u>\$418,848.77</u></u>

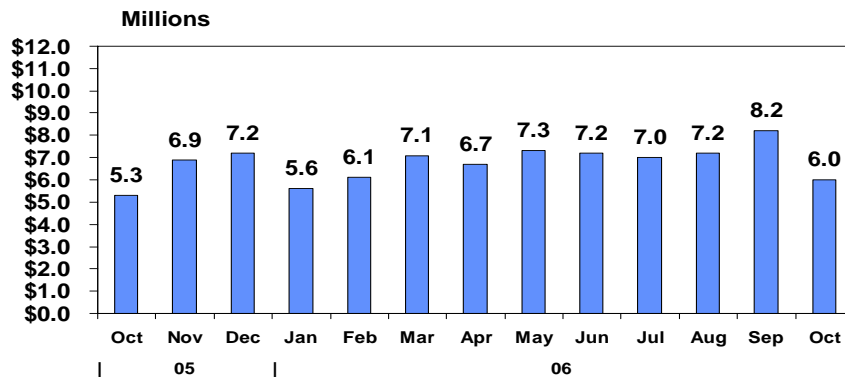
GROSS INCOME

Oct 05 – Oct 06



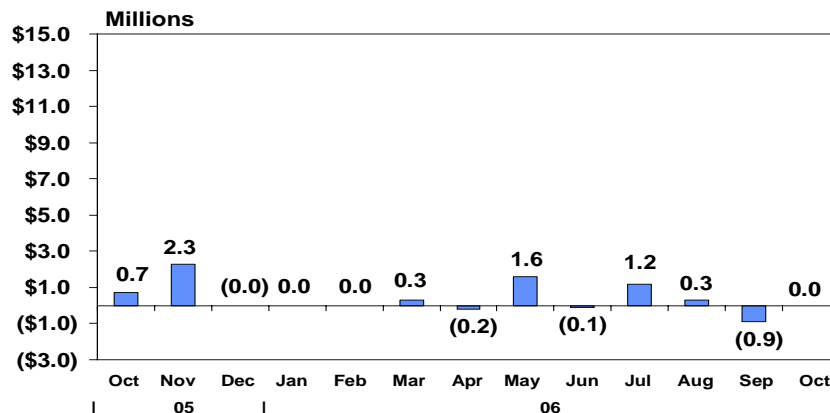
OPERATING EXPENSE

Oct 05 – Oct 06



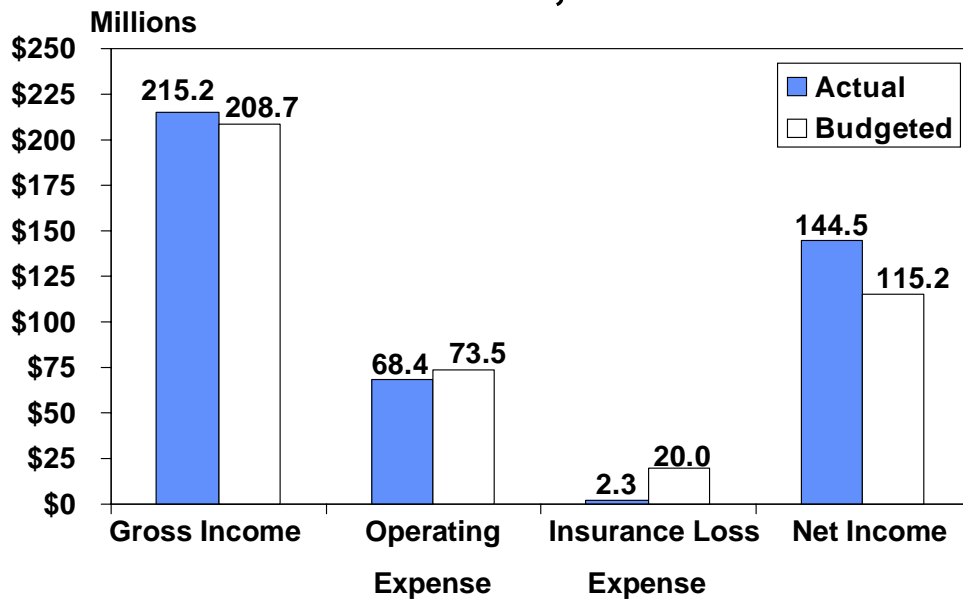
INSURANCE LOSS EXPENSE

Oct 05 – Oct 06



REVENUE AND EXPENSE

October 31, 2006



NCUSIF EQUITY RATIO

October 31, 2006

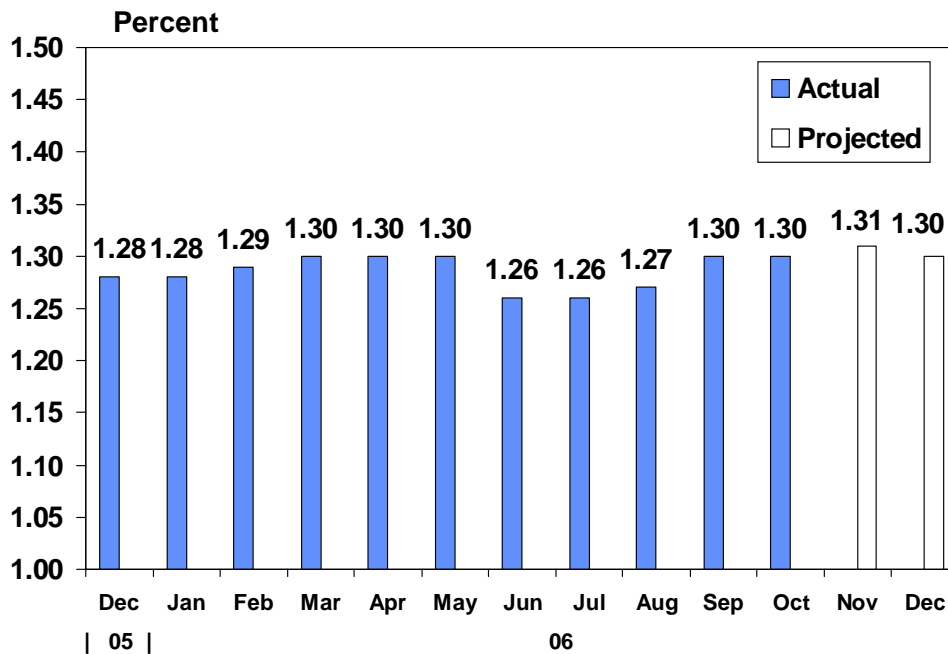


TABLE 4

INVESTMENT PORTFOLIO SUMMARY

October 31, 2006

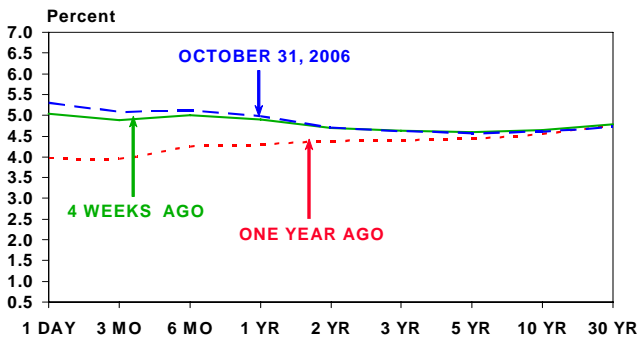
I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$1,446,665,000	\$1,446,665,000	\$0	100.0%	5.24%
U.S. Treasury Notes	\$5,454,875,371	\$5,434,937,500	(\$19,937,871)	99.6%	4.07%
TOTAL	\$6,901,540,371	\$6,881,602,500	(\$19,937,871)	99.7%	4.34%

II. INVESTMENT PORTFOLIO PERFORMANCE				
	Last Month	Current Month	CY To Date	CY06 Projections
Investment Yield	4.13%	4.19%	3.79%	4.00%
Investment Income	\$23,098,811	\$24,484,062	\$214,201,906	248 Million
Income Budgeted	\$20,000,000	\$20,000,000	\$208,000,000	248 Million
Income/Budgeted Ratio	115.5%	122.4%	103.0%	100.00%
Weighted Avg. Maturity in Days	506	578		

III. MONTHLY ACTIVITY				
Purchase	Type	Amount	Maturity	Yield
10/25/2006	Treasury Note	\$250,000,000	11/15/2008	4.90%
10/25/2006	Treasury Note	\$200,000,000	10/15/2009	4.82%
10/25/2006	Treasury Note	\$200,000,000	9/30/2011	4.78%
TOTAL		\$650,000,000		

IV. MATURITY SCHEDULE (par value in millions)	
3 months or less	2,046.7
3 months - 1 year	850.0
1 year - 2 years	1,800.0
2 years - 3 years	1,050.0
3 years - 4 years	400.0
4 years - 5 years	800.0
TOTAL	\$6,946.7

TREASURY YIELD CURVE



MATURITY SCHEDULE

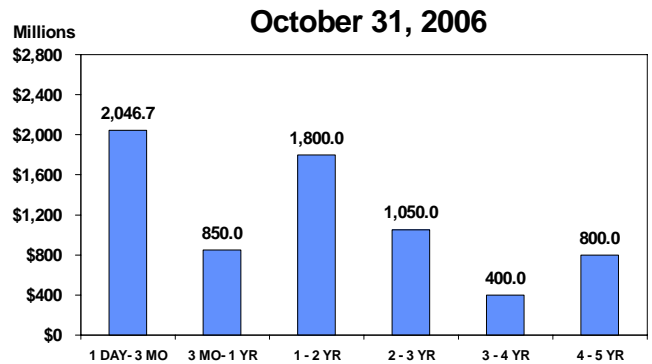


TABLE 5

MONTHLY YIELD COMPARISONS

October 31, 2006

YIELD COMPARISONS								
	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06
NCUSIF Yield	3.52%	3.60%	3.77%	3.86%	4.00%	4.07%	4.13%	4.19%
90 day T-Bill	4.62%	4.76%	4.84%	5.02%	5.10%	5.03%	4.89%	5.07%
1 year T-Bill	4.82%	4.89%	5.06%	5.23%	5.10%	4.99%	4.90%	4.97%
2 year T-Note	4.85%	4.87%	5.05%	5.17%	4.97%	4.78%	4.70%	4.69%
30 year T-Note	4.93%	5.15%	5.24%	5.21%	5.08%	4.88%	4.78%	4.72%

YIELD COMPARISONS
October 31, 2006

