

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 SEPTEMBER 30, 2006

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS
September 30, 2006

Balance Sheet:

Investments — net decrease of approximately \$14.3 million due to combination of \$27.1 million refunded to CUs, \$7.0 million expended for operating costs, \$6.8 million earned in overnight interest, \$3.0 million collected from CUs for NCUSIF invoices, and \$10.0 million collected for NCUSIF loan.

Share Deposits and Loans — decreased to \$15.0 million for outstanding 208 assistance due to a \$10.0 million payment received in September.

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 \$179.2 million represents the outstanding balance that is due on October 25, 2006.

Interest Receivable — increased to \$55.1 million due to \$16.1 million in accrued interest earned in September.

Prepaid & Deferred Charges — is \$0 for September. \$7.0 million was transferred to the operating fund to cover 57% of the agency's operating costs. September's actual operating costs were \$8.1 million. The difference was recorded in accounts payable (other).

Other Assets — represents the 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 to the operating fund for additional operating costs incurred in September.

Provision for Credit Union Losses (Reserves) — of \$70.9 million includes a \$.9 million reduction in reserves.

NCUSIF Equity — increased to 1.30% for September primarily due to an increase in contributed capital. 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 \$501.2 thousand less than the previous month due to one less day of interest earned in September.

NCUSIF Total Operating Expense — of \$8.2 million includes \$152.6 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 \$(0.9) million for September. This represents reserve decreases due to reevaluation of liquidated credit unions.

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

ASSETS	SEPTEMBER 2005	AUGUST 2006	SEPTEMBER 2006
Investments:			
U.S. Government Securities	\$6,452,880,356.44	\$6,727,700,780.71	\$6,714,202,424.82
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits & Loans	0.00	25,000,000.00	15,000,000.00
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Total Advances to Credit Unions	0.00	25,000,000.00	15,000,000.00
Other Receivables:			
Due from Credit Unions	135,212,398.11	5,987.44	179,292,402.01
Loans due to NCUSIF	0.00	0.00	0.00
Recoveries from Liq. CU	25,904,946.60	12,359,723.30	11,955,574.64
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Total Other Receivables	161,117,344.71	12,365,710.74	191,247,976.65
Cash	1,938,813.89	6,226.76	14,746.39
Interest Receivable	39,642,913.64	39,077,143.11	55,131,497.37
Prepaid & Deferred Charges	0.00	0.00	0.00
Leased Assets	206,399.55	874,845.46	846,579.05
Other	24,122,684.63	23,036,236.51	22,796,534.89
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TOTAL ASSETS	\$6,679,908,512.86	\$6,828,060,943.29	\$6,999,239,759.17
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LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$10,857,272.92	\$4,821,517.44	\$4,463,243.44
Other	2,333,408.48	27,061.70	1,124,162.55
Check Clearing Accounts	15,190.54	6,142.89	89,765.58
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	13,205,871.94	4,854,722.03	5,677,171.57
Provision for CU Losses (Reserves)	77,543,734.49	71,679,065.77	70,892,936.80
Lease Liabilities	211,268.63	895,318.43	895,676.33
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TOTAL LIABILITIES	\$90,960,875.06	\$77,429,106.23	\$77,465,784.70 1/
EQUITY			
CU Contributed Capital	\$5,129,230,651.04	\$5,150,368,733.34	\$5,305,530,486.17
Retained Earnings	1,459,716,986.76	1,600,263,103.72	1,616,243,488.30
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TOTAL EQUITY	\$6,588,947,637.80	\$6,750,631,837.06	\$6,921,773,974.47
TOTAL LIABILITIES & EQUITY	\$6,679,908,512.86	\$6,828,060,943.29	\$6,999,239,759.17
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending September 30, 2006

	SEP 05	AUG 06	SEP 06
1/ Does not include unreserved contingent liabilities of \$1.4 million in an indemnification expiring in Dec 06.			
1. Investments/Total Assets	96.60%	98.53%	95.93%
2. Total Equity/Insured Shares	1.28%	1.27%	1.30%
3. Prov. for Losses/CU Capital	1.51%	1.39%	1.34%
4. Non-Earning/Total Assets	3.04%	0.77%	3.53%
5. Available Asset Ratio	1.23%	1.24%	1.24%

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

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2006	CY TO DATE BUDGETED 2006	CY TO DATE 2005
Investment Income	\$23,098,810.99	\$20,000,000.00	\$189,717,843.44	\$188,000,000.00	\$122,160,106.48
Other Income	183,022.54	70,000.00	881,527.29	\$630,000.00	468,914.91
Total Income	23,281,833.53	20,070,000.00	190,599,370.73	188,630,000.00	122,629,021.39
EXPENSE					
Employee Pay	4,302,002.94	4,072,146.98	\$36,833,857.04	37,814,600.87	35,783,703.25
Employee Benefits	1,081,188.52	1,104,438.19	\$9,996,096.89	10,241,706.50	9,369,830.61
Employee Travel	1,548,130.82	653,807.07	\$5,742,420.78	6,284,600.89	5,221,192.16
Rent/Communications/Utilities	305,200.37	189,990.67	\$1,682,879.15	1,709,916.00	1,684,895.39
Administrative Costs	170,907.44	557,187.27	\$4,155,898.37	5,014,685.38	5,472,634.58
Contracted Services	635,748.04	421,880.23	\$2,901,900.03	3,796,922.05	2,453,082.39
Subtotal NCUA Operating Exp.	8,043,178.13	6,999,450.41	61,313,052.26	64,862,431.69	59,985,338.38
AMAC Expense	0.00	1,000.00	2,714.87	9,000.00	318.01
Training Expense	120,599.58	100,000.00	735,481.73	900,000.00	762,273.19
Leasing Expense	28,624.31	32,000.00	332,634.26	288,000.00	313,235.06
Other Insurance Expense	3,379.71	5,000.00	50,632.34	45,000.00	32,915.05
Total Operating Exp.	8,195,781.73	7,137,450.41	62,434,515.46	66,104,431.69	61,094,079.69
Insurance Loss	(894,332.78)	2,000,000.00	2,334,394.87	18,000,000.00	17,982,212.49
Total Expense	7,301,448.95	9,137,450.41	64,768,910.33	84,104,431.69	79,076,292.18
NET INCOME	\$15,980,384.58	\$10,932,549.59	\$125,830,460.40	\$104,525,568.31	\$43,552,729.21
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			125,830,460.40		43,552,729.21
Dividends			1,616,243,488.30		1,459,716,986.76
			0.00		0.00
Retained Earnings, Year To Date			\$1,616,243,488.30		\$1,459,716,986.76

Comparative Analysis of NCUSIF Ratios for September 30, 2006

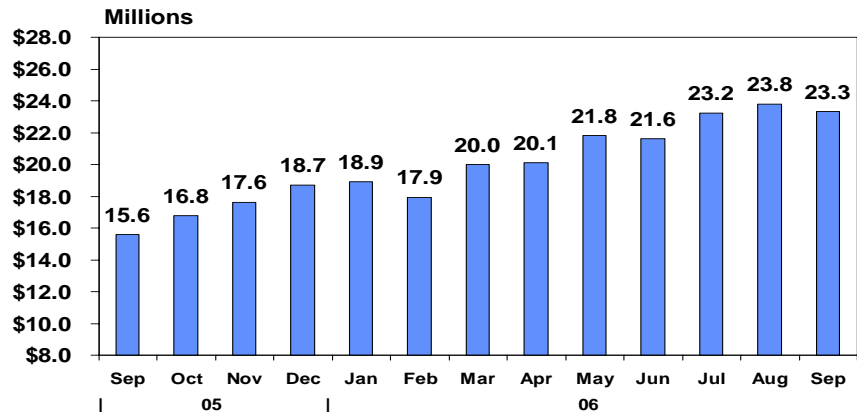
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	30.17%	35.20%	49.82%	32.76%
2. Ins. Loss/Total Income	1.31%	-3.84%	14.66%	1.22%
3. Total Exp./Total Income	31.49%	31.36%	64.48%	33.98%
4. Net Income/Total Income	68.51%	68.64%	35.52%	66.02%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.00%

TABLE 3 - STATEMENT OF CASH FLOWS
September 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$191,683,169.27
Other income received	881,527.29
Advances to credit unions (FCU Act §208)	(15,000,000.00)
Cash paid for operating expenses	(63,382,443.02)
Net cash (paid) received for insurance losses	<u>(2,578,569.50)</u>
Net cash provided by operating activities	111,603,684.04
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(112,516,616.37)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>979,014.80</u>
Net cash provided by (used in) investing activities	(111,537,601.57)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	(56,844.10)
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	(56,844.10)
NET INCREASE (DECREASE) IN CASH	9,238.37
CASH, BEGINNING OF YEAR	5,508.02
CASH, ENDING SEPTEMBER 30, 2006	<u><u>\$14,746.39</u></u>

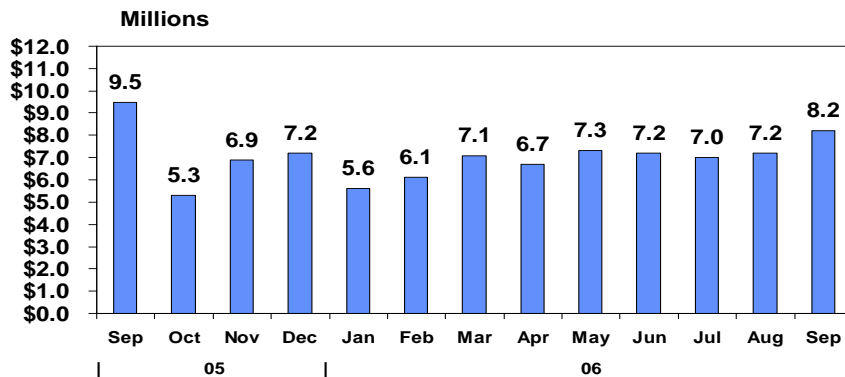
GROSS INCOME

Sep 05 – Sep 06



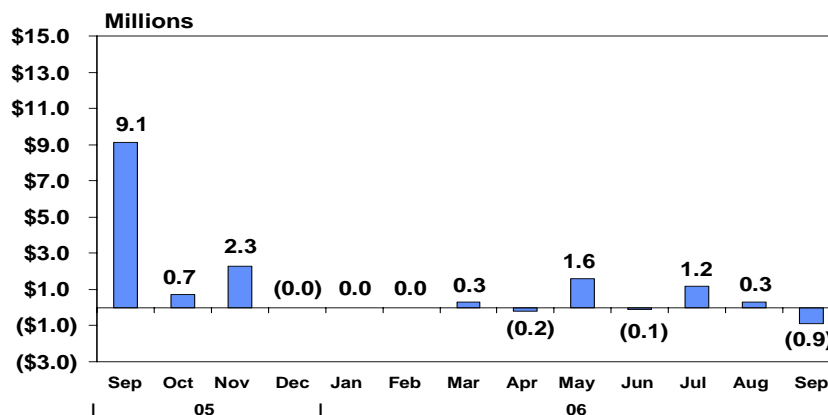
OPERATING EXPENSE

Sep 05 – Sep 06



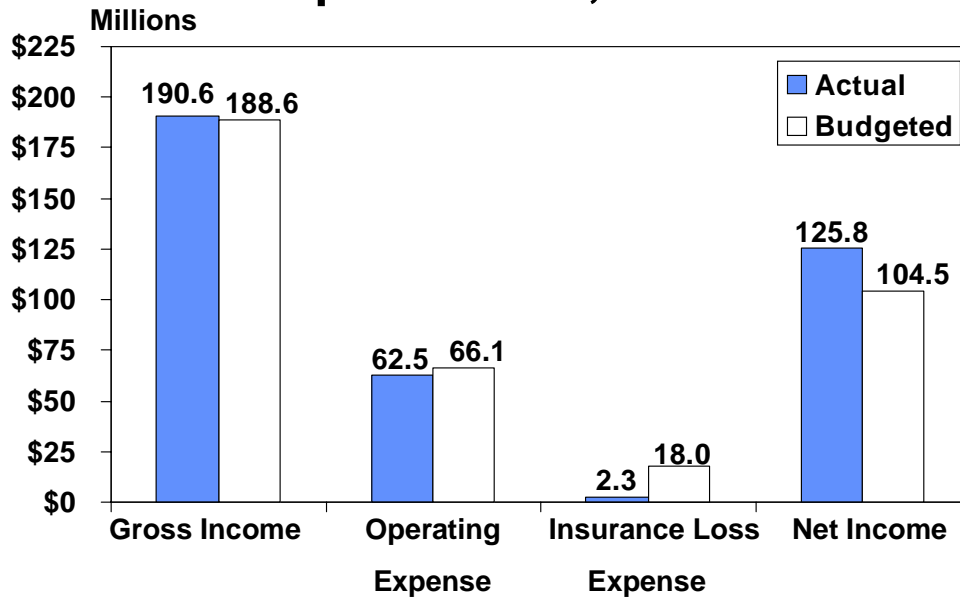
INSURANCE LOSS EXPENSE

Sep 05 – Sep 06



REVENUE AND EXPENSE

September 30, 2006



NCUSIF EQUITY RATIO

September 30, 2006

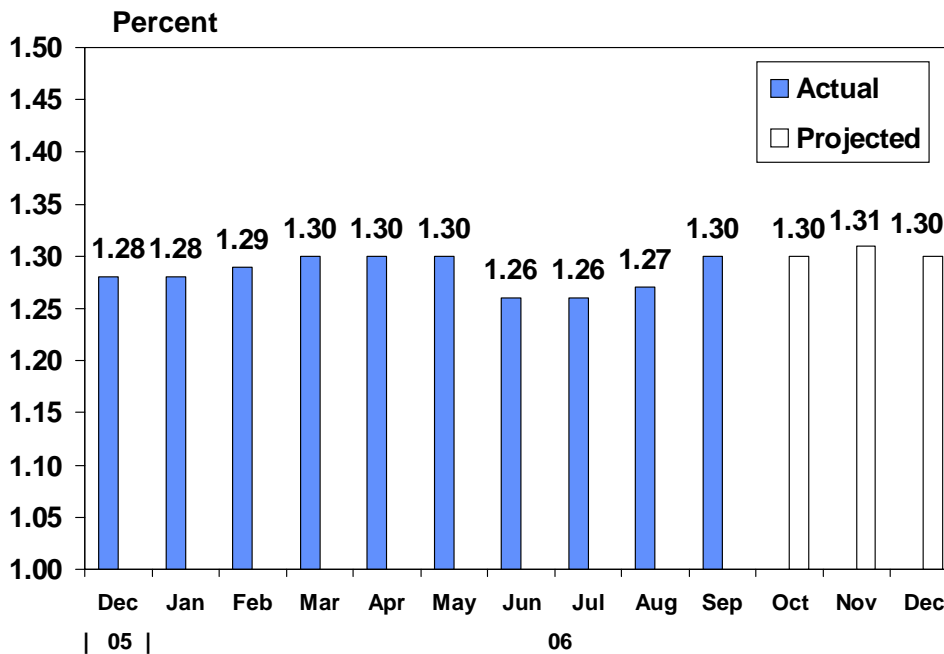


TABLE 4

INVESTMENT PORTFOLIO SUMMARY

September 30, 2006

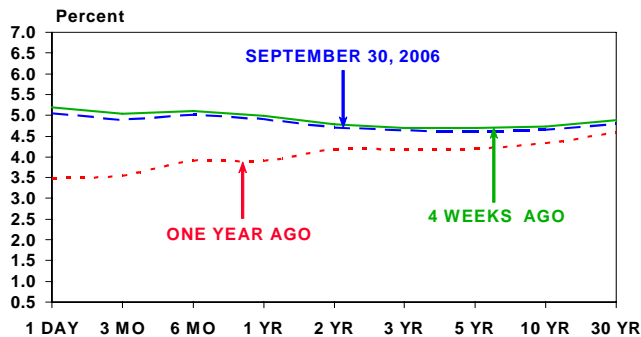
I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$1,499,097,000	\$1,499,097,000	\$0	100.0%	5.23%
U.S. Treasury Notes	\$5,215,105,425	\$5,188,265,625	(\$26,839,800)	99.5%	3.90%
TOTAL	\$6,714,202,425	\$6,687,362,625	(\$26,839,800)	99.6%	4.19%

II. INVESTMENT PORTFOLIO PERFORMANCE				
	Last Month	Current Month	CY To Date	CY06 Projections
Investment Yield	4.07%	4.13%	3.75%	4.00%
Investment Income	\$23,599,980	\$23,098,811	\$189,717,843	248 Million
Income Budgeted	\$20,000,000	\$20,000,000	\$188,000,000	248 Million
Income/Budgeted Ratio	118.0%	115.5%	100.9%	100.00%
Weighted Avg. Maturity in Days	528	506		

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

IV. MATURITY SCHEDULE (par value in millions)	
3 months or less	2,299.1
3 months - 1 year	1,050.0
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	\$6,749.1

TREASURY YIELD CURVE



MATURITY SCHEDULE

September 30, 2006

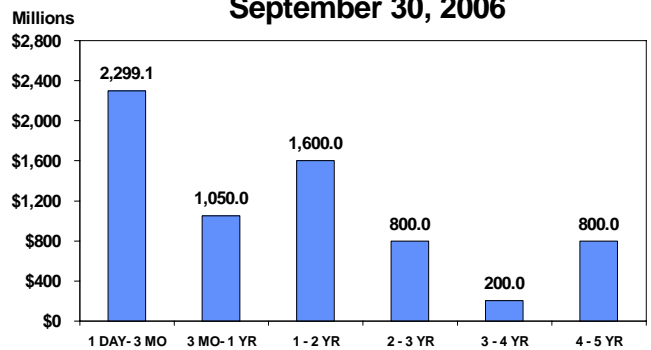


TABLE 5

MONTHLY YIELD COMPARISONS

September 30, 2006

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

YIELD COMPARISONS
September 30, 2006

