

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 JULY 31, 2006

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS
July 31, 2006

Balance Sheet:

Cash — includes \$12.8 thousand in collections on one percent deposit adjustments received after the overnight investment was made on July 31, 2006.

Interest Receivable — net decrease of \$7.3 million is due to a combination of \$15.7 million in accrued interest earned in July, \$2.1 million increase due to the purchase of three Treasury notes, and payments of \$25.1 million received by the NCUSIF in July.

Prepaid & Deferred Charges — is \$.1 million for July. \$7.0 million was transferred to the operating fund to cover 57% of the agency's operating costs. July's actual operating costs were \$6.9 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 1.26% for July. 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 \$1.5 million more than the previous month due to rising interest rates and one more calendar day in July for which interest was earned.

NCUSIF Total Operating Expense — of \$7.0 million includes \$128.0 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 \$1.2 million for July. This increase is for new reserves or reserve increases for specific problem credit unions.

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

ASSETS	JULY 2005	JUNE 2006	JULY 2006
Investments:			
U.S. Government Securities	\$6,435,245,401.47	\$6,706,290,758.12	\$6,706,154,104.69
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits & Loans	0.00	0.00	25,000,000.00
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Total Advances to Credit Unions	0.00	0.00	25,000,000.00
Other Receivables:			
Due from Credit Unions	49,776.59	130,042.03	101,162.92
Loans due to NCUSIF	5,780,910.69	0.00	0.00
Recoveries from Liq. CU	19,688,785.79	13,379,456.01	11,457,175.13
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Total Other Receivables	25,519,473.07	13,509,498.04	11,558,338.05
Cash	5,829.13	10,976.86	18,722.93
Interest Receivable	52,369,548.36	54,199,297.44	46,852,533.41
Prepaid & Deferred Charges	956,836.01	(13,171.75)	116,775.30
Leased Assets	275,339.57	931,411.13	903,156.13
Other	24,362,243.24	23,086,362.27	23,034,881.32
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TOTAL ASSETS	\$6,538,734,670.85	\$6,798,015,132.11	\$6,813,638,511.83
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LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$13,544,808.79	\$5,137,902.48	\$4,954,958.96
Other	0.00	16,123.74	20,370.77
Check Clearing Accounts	1,019.86	44,780.55	22,903.81
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	13,545,828.65	5,198,806.77	4,998,233.54
Provision for CU Losses (Reserves)	69,882,456.13	72,482,744.61	73,478,384.00
Lease Liabilities	210,648.71	984,638.19	894,948.75
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TOTAL LIABILITIES	\$83,638,933.49	\$78,666,189.57	\$79,371,566.29 1/
EQUITY			
CU Contributed Capital	\$5,000,210,761.09	\$5,150,318,495.99	\$5,150,303,934.22
Retained Earnings	1,454,884,976.27	1,569,030,446.55	1,583,963,011.32
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TOTAL EQUITY	\$6,455,095,737.36	\$6,719,348,942.54	\$6,734,266,945.54
TOTAL LIABILITIES & EQUITY	\$6,538,734,670.85	\$6,798,015,132.11	\$6,813,638,511.83
	=====	=====	=====

COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending July 31, 2006

		JUL 05	JUN 06	JUL 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%	98.65%	98.42%
	2. Total Equity/Insured Shares	1.26%	1.26%	1.26%
	3. Prov. for Losses/CU Capital	1.40%	1.41%	1.43%
	4. Non-Earning/Total Assets	1.21%	1.01%	0.87%
	5. Available Asset Ratio	1.23%	1.23%	1.23%

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

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2006	CY TO DATE BUDGETED 2006	CY TO DATE 2005
Investment Income	\$23,075,950.98	\$20,000,000.00	\$143,019,052.50	\$148,000,000.00	\$90,810,307.96
Other Income	85,641.88	70,000.00	507,185.51	\$490,000.00	356,546.30
Total Income	23,161,592.86	20,070,000.00	143,526,238.01	148,490,000.00	91,166,854.26
EXPENSE					
Employee Pay	3,934,385.60	4,072,146.98	\$28,248,543.84	29,281,880.88	27,096,081.46
Employee Benefits	1,067,871.07	1,104,438.19	\$7,811,658.52	7,932,242.52	7,065,276.91
Employee Travel	668,276.55	653,807.06	\$3,630,267.07	4,976,986.76	3,378,491.55
Rent/Communications/Utilities	161,928.63	189,990.67	\$1,190,829.11	1,329,934.67	1,156,171.73
Administrative Costs	607,572.70	557,187.26	\$3,453,502.68	3,900,310.85	3,233,056.68
Contracted Services	443,190.15	421,880.22	\$1,918,881.95	2,953,161.59	1,677,229.52
Subtotal NCUA Operating Exp.	6,883,224.70	6,999,450.38	46,253,683.17	50,374,517.27	43,606,307.85
AMAC Expense	0.00	1,000.00	2,714.87	7,000.00	312.82
Training Expense	95,702.70	100,000.00	484,515.34	700,000.00	498,587.39
Leasing Expense	28,624.53	32,000.00	275,329.60	224,000.00	243,675.12
Other Insurance Expense	3,603.63	5,000.00	44,139.08	35,000.00	20,223.87
Total Operating Exp.	7,011,155.56	7,137,450.38	47,060,382.06	51,340,517.27	44,369,107.05
Insurance Loss	1,217,872.53	2,000,000.00	2,915,872.53	14,000,000.00	8,077,028.49
Total Expense	8,229,028.09	9,137,450.38	49,976,254.59	65,340,517.27	52,446,135.54
NET INCOME	\$14,932,564.77	\$10,932,549.62	\$93,549,983.42	\$83,149,482.73	\$38,720,718.72
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			93,549,983.42		38,720,718.72
Dividends			1,583,963,011.32		1,454,884,976.27
			0.00		0.00
Retained Earnings, Year To Date			\$1,583,963,011.32		\$1,454,884,976.27

Comparative Analysis of NCUSIF Ratios for July 31, 2006

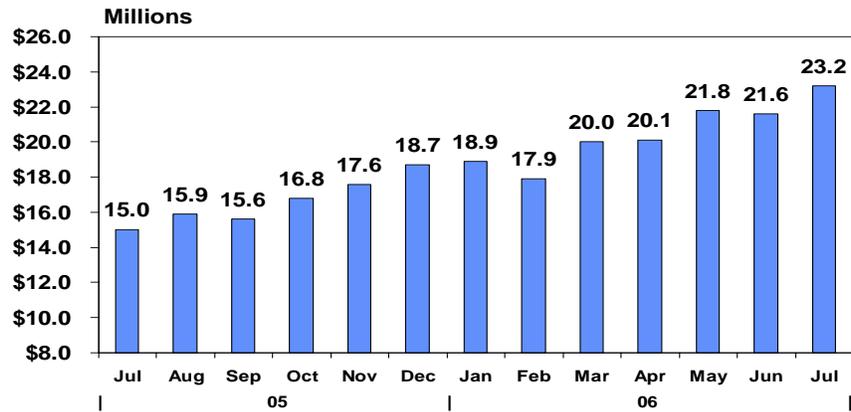
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	33.16%	30.27%	48.67%	32.79%
2. Ins. Loss/Total Income	-0.29%	5.26%	8.86%	2.03%
3. Total Exp./Total Income	32.87%	35.53%	57.53%	34.82%
4. Net Income/Total Income	67.13%	64.47%	42.47%	65.18%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.00%

TABLE 3 - STATEMENT OF CASH FLOWS
July 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$154,645,662.52
Other income received	(24,492,814.49)
Cash paid for operating expenses	(49,353,043.13)
Net cash (paid) received for insurance losses	<u>415,515.07</u>
Net cash provided by operating activities	81,215,319.97
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(105,850,616.47)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>740,668.37</u>
Net cash provided by (used in) investing activities	(105,109,948.10)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	23,907,843.04
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	23,907,843.04
NET INCREASE (DECREASE) IN CASH	13,214.91
CASH, BEGINNING OF YEAR	5,508.02
CASH, ENDING JULY 31, 2006	<u><u>\$18,722.93</u></u>

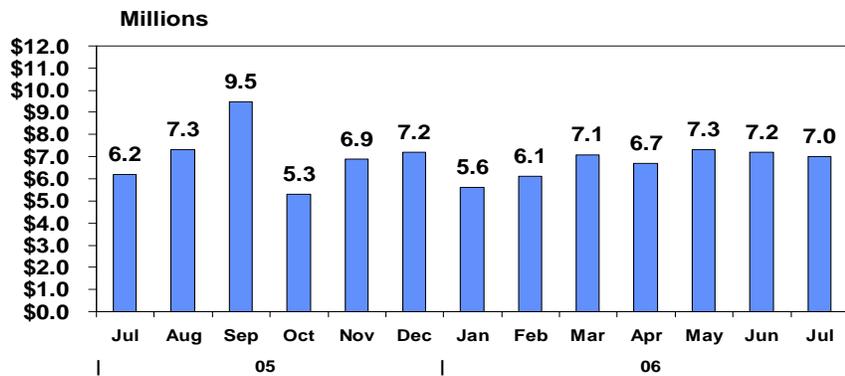
GROSS INCOME

Jul 05 – Jul 06



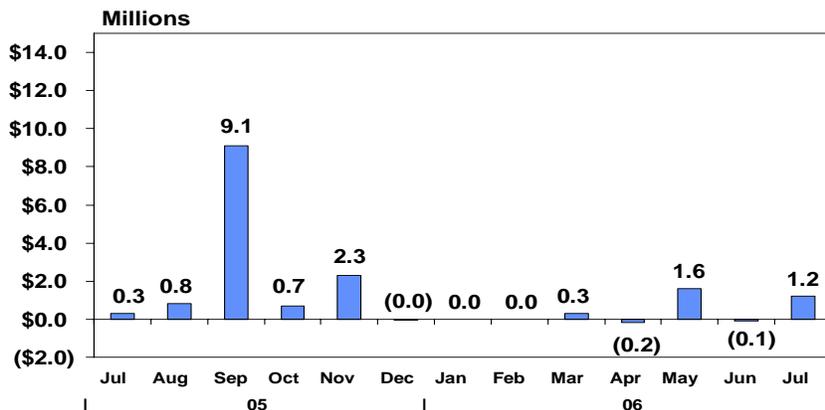
OPERATING EXPENSE

Jul 05 – Jul 06



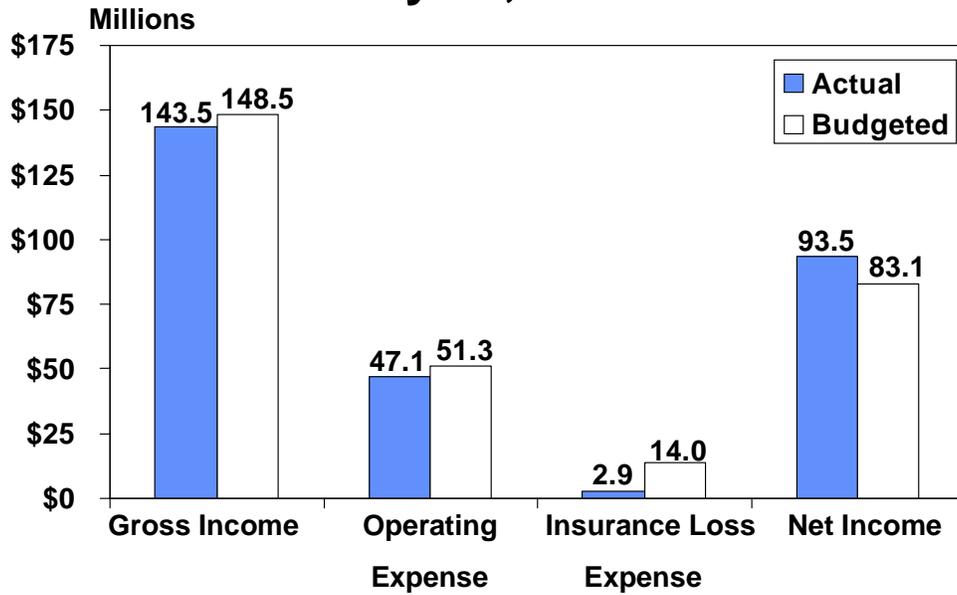
INSURANCE LOSS EXPENSE

Jul 05 – Jul 06



REVENUE AND EXPENSE

July 31, 2006



NCUSIF EQUITY RATIO

July 31, 2006

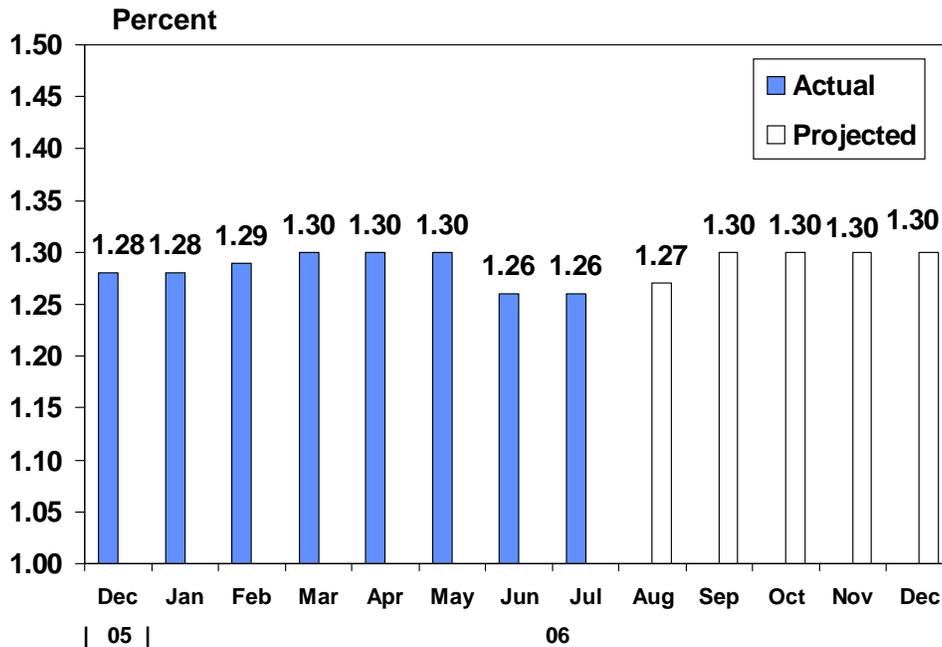


TABLE 4

INVESTMENT PORTFOLIO SUMMARY

July 31, 2006

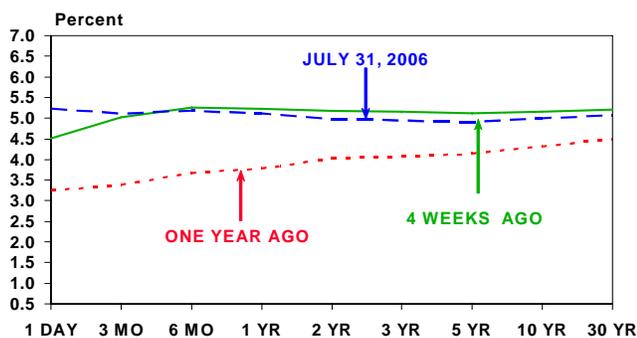
I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$1,292,431,000	\$1,292,431,000	\$0	100.0%	5.14%
U.S. Treasury Notes	\$5,413,723,105	\$5,353,234,375	(\$60,488,730)	98.9%	3.86%
TOTAL	\$6,706,154,105	\$6,645,665,375	(\$60,488,730)	99.1%	4.14%

II. INVESTMENT PORTFOLIO PERFORMANCE				
	Last Month	Current Month	CY To Date	CY06 Projections
Investment Yield	3.86%	4.00%	3.65%	4.00%
Investment Income	\$21,569,592	\$23,075,951	\$143,019,053	248 Million
Income Budgeted	\$20,000,000	\$20,000,000	\$148,000,000	248 Million
Income/Budgeted Ratio	107.8%	115.4%	96.6%	100.00%
Weighted Avg. Maturity in Days	466	554		

III. MONTHLY ACTIVITY				
Purchase	Type	Amount	Maturity	Yield
7/21/2006	Treasury Note	\$250,000,000	6/30/2008	5.05%
7/21/2006	Treasury Note	\$200,000,000	6/15/2009	5.00%
7/21/2006	Treasury Note	\$200,000,000	6/30/2011	4.97%
TOTAL		\$650,000,000		

IV. MATURITY SCHEDULE (par value in millions)	
3 months or less	1,892.4
3 months - 1 year	1,000.0
1 year - 2 years	1,850.0
2 years - 3 years	1,000.0
3 years - 4 years	200.0
4 years - 5 years	800.0
TOTAL	\$6,742.4

TREASURY YIELD CURVE



MATURITY SCHEDULE

July 31, 2006

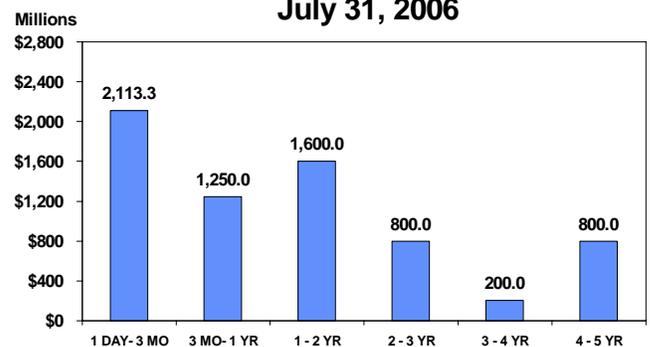


TABLE 5

MONTHLY YIELD COMPARISONS

July 31, 2006

YIELD COMPARISONS							
	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06
NCUSIF Yield	3.31%	3.45%	3.52%	3.60%	3.77%	3.86%	4.00%
90 day T-Bill	4.45%	4.61%	4.62%	4.76%	4.84%	5.02%	5.10%
1 year T-Bill	4.56%	4.71%	4.82%	4.89%	5.06%	5.23%	5.10%
2 year T-Note	4.52%	4.67%	4.85%	4.87%	5.05%	5.17%	4.97%
30 year T-Note	4.69%	4.53%	4.93%	5.15%	5.24%	5.21%	5.08%

YIELD COMPARISONS
July 31, 2006

