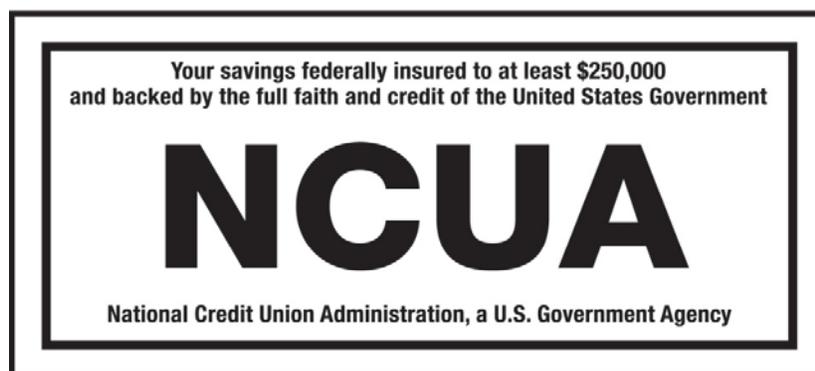


# **NATIONAL CREDIT UNION SHARE INSURANCE FUND**



## **PRELIMINARY FINANCIAL HIGHLIGHTS SEPTEMBER 30, 2010**

**MARY ANN WOODSON  
CHIEF FINANCIAL OFFICER**

**NCUSIF FINANCIAL HIGHLIGHTS**  
**September 30, 2010**

**Balance Sheet:**

Advances to Credit Unions: Share Deposits and Loans – \$10.0 billion represents liquidity loans to two problem credit unions.

Notes Payable - CLF – \$10.0 billion represents the loan the CLF made to the NCUSIF in March 2009 to provide liquidity loans to two problem credit unions.

Provision for Credit Union Losses (Reserves) - NPCU – of \$1.2 billion includes an additional \$1.5 million for specific natural person credit union reserves.

**Statement of Revenue and Expense:**

Insurance Loss Expense –\$1.5 million was expensed to increase specific natural person credit union reserves.

**NATIONAL CREDIT UNION ADMINISTRATION**

**NCUSIF PRELIMINARY BALANCE SHEET**

September 30, 2010

| <b>ASSETS</b>                                       | <b>Sept 2010</b>         | <b>Aug 2010</b>          | <b>Sept 2009</b>         |
|---|--------------------------|--------------------------|--------------------------|
| <b>INTRAGOVERNMENTAL</b>                            |                          |                          |                          |
| Fund Balance with Treasury                          | \$ 513,436               | \$ 504,672               | \$ 102,157               |
| Investments   | 9,843,194,750            | 9,831,937,000            | 8,018,047,400            |
| Accrued interest receivable                         | 63,778,763               | 65,142,273               | 61,519,127               |
| Prepaid & Deferred Charges                          | (157,416)                | -                        | -                        |
| Other assets  | <u>17,472,217</u>        | <u>43,353,041</u>        | <u>18,723,437</u>        |
| Total intragovernmental assets                      | <u>9,924,801,750</u>     | <u>9,940,936,986</u>     | <u>8,098,392,121</u>     |
| <b>PUBLIC</b>                                       |                          |                          |                          |
| Contributions receivable from insured credit unions | 1,490                    | 286,372                  | 4,460                    |
| Insurance Premium Receivable                        | 1,355                    | 47,516                   | 800,000,000              |
| Share Deposits & Loans                              | 10,000,000,000           | 10,000,000,000           | 10,000,000,000           |
| Recoveries from Liq. CU                             | 194,520,020              | 200,083,943              | 107,834,035              |
| Interest on Loan Receivable                         | <u>14,610,411</u>        | <u>10,270,685</u>        | <u>12,618,082</u>        |
| Total public assets                                 | <u>10,209,133,276</u>    | <u>10,210,688,516</u>    | <u>10,920,456,577</u>    |
| <b>TOTAL ASSETS</b>                                 | <u>\$ 20,133,935,026</u> | <u>\$ 20,151,625,502</u> | <u>\$ 19,018,848,698</u> |
| <b>LIABILITIES</b>                                  |                          |                          |                          |
| <b>INTRAGOVERNMENTAL</b>                            |                          |                          |                          |
| Notes Payable - CLF                                 | \$ 10,000,000,000        | \$ 10,000,000,000        | \$ 10,000,000,000        |
| Interest Payable - CLF                              | <u>14,610,411</u>        | <u>10,270,685</u>        | <u>12,618,082</u>        |
| Total intragovernmental liabilities                 | <u>10,014,610,411</u>    | <u>10,010,270,685</u>    | <u>10,012,618,082</u>    |
| <b>PUBLIC</b>                                       |                          |                          |                          |
| Check Clearing Accounts                             | 4,238                    | 585,683                  | 4,739                    |
| Other   | 94,837                   | 720,090                  | 5,989,478                |
| Liquidation claims                                  | 20,485,797               | 21,881,473               | 12,068,107               |
| Provision for CU Losses (Reserves) - NPCU           | <u>1,164,829,465</u>     | <u>1,172,592,487</u>     | <u>520,765,906</u>       |
| Total public liabilities                            | <u>1,185,414,337</u>     | <u>1,195,779,733</u>     | <u>538,828,230</u>       |
| <b>TOTAL LIABILITIES</b>                            | <u>11,200,024,748</u>    | <u>11,206,050,418</u>    | <u>10,551,446,312</u>    |
| <b>NET POSITION</b>                                 |                          |                          |                          |
| Cumulative result of operations                     | <u>8,933,910,278</u>     | <u>8,945,575,084</u>     | <u>8,467,402,386</u>     |
| Total net position                                  | <u>8,933,910,278</u>     | <u>8,945,575,084</u>     | <u>8,467,402,386</u>     |
| <b>TOTAL LIABILITIES AND NET POSITION</b>           | <u>\$ 20,133,935,026</u> | <u>\$ 20,151,625,502</u> | <u>\$ 19,018,848,698</u> |

# NATIONAL CREDIT UNION ADMINISTRATION

## NCUSIF PRELIMINARY STATEMENT OF NET COST

September 30, 2010

|                                     | Sept 2010             | Aug 2010              | CY to Date            |
|-------------------------------------|-----------------------|-----------------------|-----------------------|
| <b>GROSS COSTS</b>                  |                       |                       |                       |
| Employee Pay                        | \$ 5,465,136          | \$ 5,413,858          | \$ 46,550,835         |
| Employee Benefits                   | 1,580,274             | 1,488,273             | 12,867,141            |
| Employee Travel                     | 1,108,714             | 970,237               | 8,889,710             |
| Rent/Communications/Utilities       | 223,937               | 240,415               | 1,624,770             |
| Administrative Costs                | 558,106               | 789,402               | 6,066,457             |
| Contracted Services                 | 721,249               | 949,285               | 5,111,360             |
| AMAC Expense                        | 14,783                | 3,204                 | 32,558                |
| Training Expense                    | 219,953               | 27,919                | 745,271               |
| Leasing Expense                     | 1,667                 | 1,667                 | 16,667                |
| Accrued Insurance Interest Expense  | 4,339,726             | 4,484,384             | 39,491,507            |
| Other Insurance Expense             | 40,445                | 11,309                | 1,594,268             |
| Insurance Loss Exp.                 | 1,484,420             | 211,598,631           | 643,105,750           |
| Total gross costs                   | <u>\$ 15,758,410</u>  | <u>\$ 225,978,584</u> | <u>\$ 766,096,294</u> |
| <b>LESS EARNED REVENUES</b>         |                       |                       |                       |
| Investment Income                   | \$ 17,557,067         | \$ 18,254,963         | \$ 162,417,415        |
| Interest revenue on Loans           | 4,339,726             | 4,484,384             | 39,491,507            |
| Other Income                        | <u>41,792</u>         | <u>34,569</u>         | <u>515,438</u>        |
| Total earned revenues               | <u>\$ 21,938,585</u>  | <u>\$ 22,773,916</u>  | <u>\$ 202,424,360</u> |
| <b>TOTAL NET COST OF OPERATIONS</b> | <u>\$ (6,180,175)</u> | <u>\$ 203,204,668</u> | <u>\$ 563,671,934</u> |

**FINANCIAL STATEMENT ANALYSES**  
**NCUSIF PRELIMINARY BALANCE SHEET**  
**September 30, 2010**

**NET POSITION BREAKDOWN**

|  |                                   |
|--|-----------------------------------|
| CU Contributed Capital                   | \$ 7,270,210,668                  |
| Retained Earnings                        | 1,326,125,394                     |
| Unrealized Gain/Loss on A-F-S Securities | <u>337,574,216</u>                |
| Cumulative result of operations          | <u>8,933,910,278</u>              |
| <br>Total net position                   | <br><u><u>\$8,933,910,278</u></u> |

**Comparative Analysis of NCUSIF Balance Sheet Ratios for September 30, 2010**

| <b>COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS</b> |        |        |        |
|---|--------|--------|--------|
| for Period Ending September 30, 2010                |        |        |        |
|   | SEP 10 | AUG 10 | SEP 09 |
| Investments/Total Assets                            | 48.89% | 48.39% | 42.17% |
| Total Equity/Insured Shares (1)                     | 1.14%  | 1.14%  | 1.30%  |
| Prov. for Losses/CU Capital                         | 16.02% | 16.13% | 7.37%  |
| Non-Earning/Total Assets                            | 1.36%  | 1.37%  | 5.15%  |
| Available Asset Ratio                               | 1.15%  | 1.10%  | 1.05%  |

(1) August & September 2010 equity ratios are based on an insured share level of \$751 billion at June 30, 2010. Collection of the 1% capitalization deposit adjustment associated with the share growth would raise the equity ratio for August to 1.18% and September to 1.18%.

**Comparative Analysis of NCUSIF Income Statement Ratios for September 30, 2010**

| <b>INCOME STATEMENT RATIOS</b>   | <b>LAST<br/>MONTH</b> | <b>THIS<br/>MONTH</b> | <b>CURRENT<br/>CYTD</b> | <b>PRIOR<br/>CYTD</b> |
|----------------------------------|-----------------------|-----------------------|-------------------------|-----------------------|
| 1. Oper. Exp./Total Income       | 63.14%                | 65.06%                | 60.76%                  | 10.14%                |
| 2. Ins. Loss Exp./Total Income   | 929.13%               | 6.77%                 | 317.70%                 | 36.68%                |
| 3. Total Exp./Total Income       | 992.27%               | 71.83%                | 378.46%                 | 46.82%                |
| 4. Net Income/Total Income       | -892.27%              | 28.17%                | -278.46%                | 53.18%                |
| 5. Ins. Loss Exp./Insured Shares | 0.03%                 | 0.00%                 | 0.09%                   | 0.05%                 |

Figure 1

## GROSS INCOME SEP 09 – SEP 10

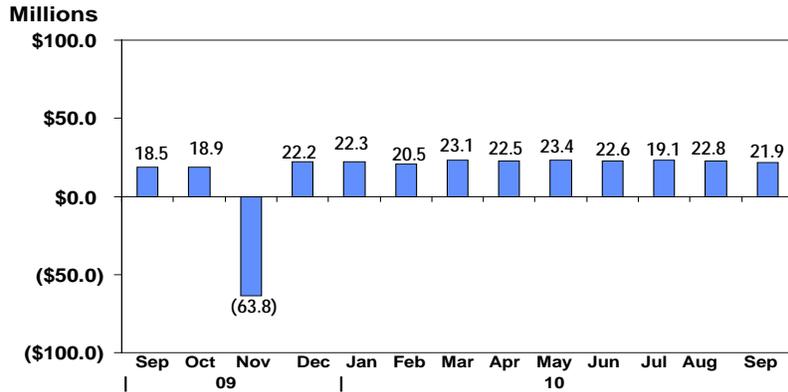


Figure 2

## OPERATING EXPENSE SEP 09 – SEP 10

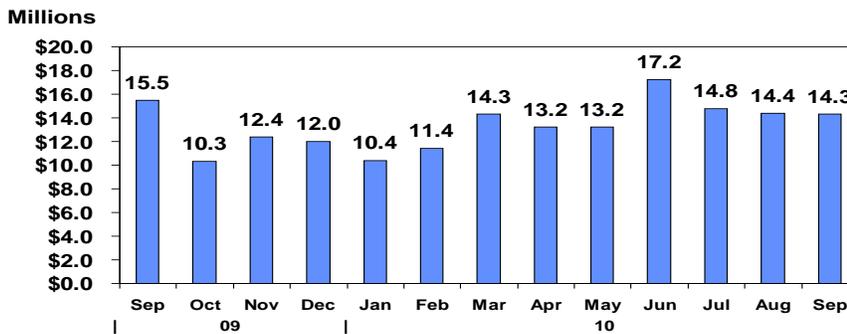


Figure 3

## INSURANCE LOSS EXPENSE SEP 09 – SEP 10

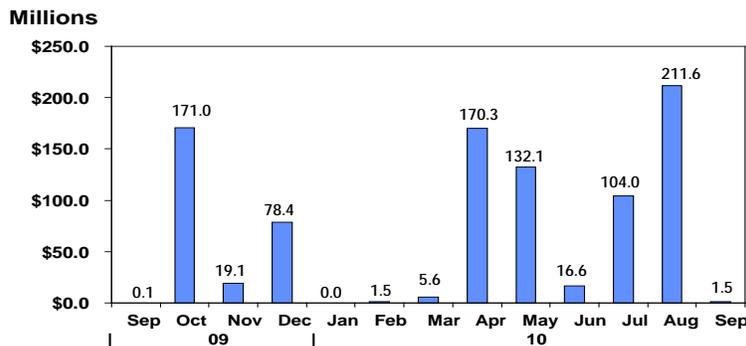


Figure 4

# REVENUE AND EXPENSE

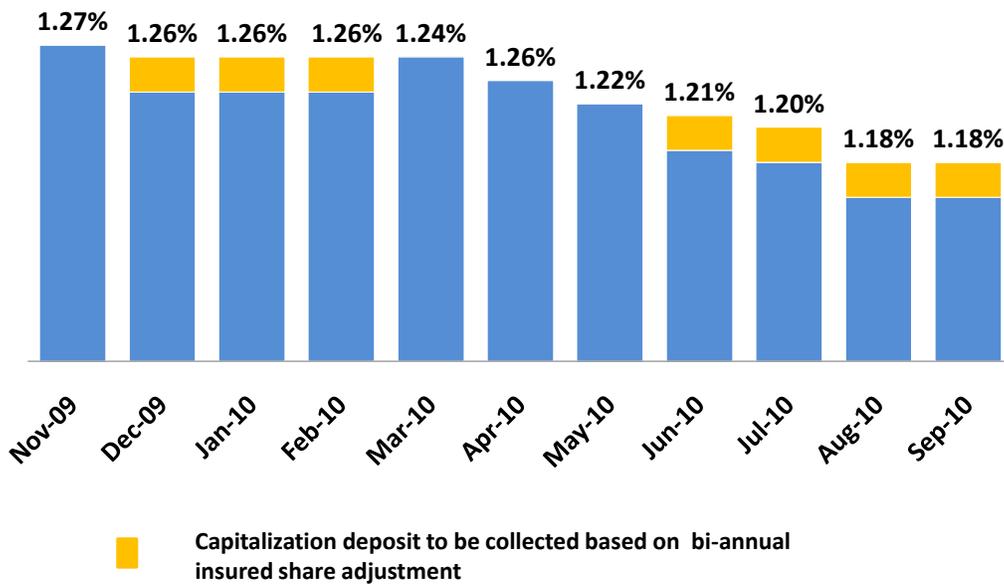
## SEPTEMBER 30, 2010

(In Millions)

|                          | September  |               | YTD            | YTD            |
|--------------------------|------------|---------------|----------------|----------------|
|                          | Actual     | Budgeted      | Actual         | Budget         |
| <b>Gross Income:</b>     |            |               |                |                |
| Investment Income        | 17.6       | 18.0          | 162.4          | 162.0          |
| Other Income             | 4.4        | 4.6           | 40.0           | 41.2           |
| <b>Less Expenses:</b>    |            |               |                |                |
| Operating Expense        | 14.3       | 14.8          | 123.0          | 132.0          |
| Insurance Loss Expense   | 1.5        | 62.5          | 643.1          | 562.5          |
| <b>Net Income (Loss)</b> | <b>6.2</b> | <b>(54.7)</b> | <b>(563.7)</b> | <b>(491.4)</b> |

Figure 5

## NCUSIF Equity Ratio



**INVESTMENT PORTFOLIO SUMMARY**

**September 30, 2010**

| <b>I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE</b> |                        |                        |                       |                               |                               |
|---|------------------------|------------------------|-----------------------|-------------------------------|-------------------------------|
|   | <b>Book Value</b>      | <b>Market Value</b>    | <b>Gain or (Loss)</b> | <b>% Market to Book Value</b> | <b>Weighted Average Yield</b> |
| Daily Treasury Account                                  | \$708,751,000          | \$708,751,000          | \$0                   | 100.00%                       | 0.12%                         |
| U.S. Treasury Notes                                     | 8,796,869,534          | 9,134,443,750          | 337,574,216           | 103.83%                       | 2.43%                         |
| <b>TOTAL</b>  | <b>\$9,505,620,534</b> | <b>\$9,843,194,750</b> | <b>\$337,574,216</b>  | <b>103.55%</b>                | <b>2.25%</b>                  |
| <b>II. INVESTMENT PORTFOLIO PERFORMANCE</b>             |                        |                        |                       |                               |                               |
|   | <b>Last Month</b>      | <b>Current Month</b>   | <b>CY To Date</b>     | <b>CY10 Projections</b>       |                               |
| Investment Yield  | 2.25%                  | 2.25%                  | 2.28%                 | 2.27%                         |                               |
| Investment Income                                       | \$18,254,963           | \$17,557,067           | \$162,417,415         | \$216,000,000                 |                               |
| Income Budgeted (1/1/10)                                | \$18,000,000           | \$18,000,000           | \$162,000,000         | \$216,000,000                 |                               |
| Income/Budgeted Ratio                                   | 101.4%                 | 97.5%                  | 100.3%                |                               |                               |
| Weighted Avg. Maturity in Days                          | 1,138                  | 1,107                  |                       |                               |                               |
| <b>III. MONTHLY ACTIVITY</b>                            |                        |                        |                       |                               |                               |
| <b>Purchased</b>  | <b>Type</b>            | <b>Amount</b>          | <b>Maturity</b>       | <b>Yield</b>                  |                               |
|   |                        |                        |                       |                               |                               |
| <b>TOTAL</b>  |                        | <b>\$0</b>             |                       |                               |                               |
| <b>IV. MATURITY SCHEDULE (par value in millions)</b>    |                        |                        |                       |                               |                               |
| 3 months or less  | \$1,058.8              |                        |                       |                               |                               |
| 3 months - 1 year                                       | 1,200.0                |                        |                       |                               |                               |
| 1 year - 2 years  | 1,600.0                |                        |                       |                               |                               |
| 2 years - 3 years                                       | 1,600.0                |                        |                       |                               |                               |
| 3 years - 4 years                                       | 1,600.0                |                        |                       |                               |                               |
| 4 years - 5 years                                       | 1,270.0                |                        |                       |                               |                               |
| 5 years - 10 years                                      | 950.0                  |                        |                       |                               |                               |
| <b>TOTAL</b>  | <b>\$9,278.8</b>       |                        |                       |                               |                               |

Figure 6

# TREASURY YIELD CURVE

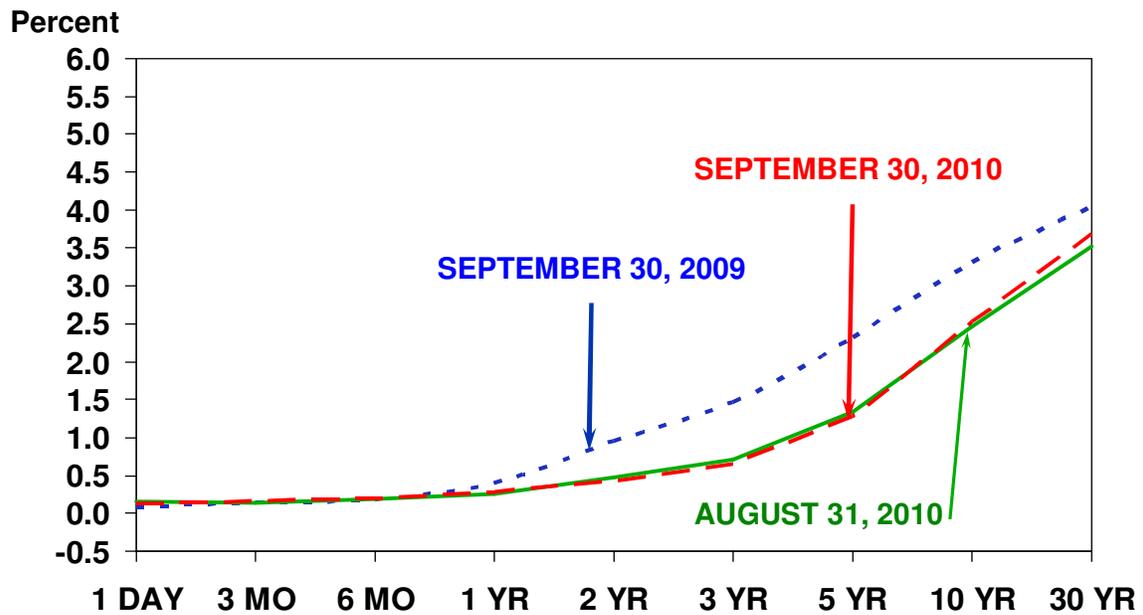


Figure 7

# MATURITY SCHEDULE

## SEPTEMBER 30, 2010



**MONTH-END YIELD COMPARISONS**

**September 30, 2010**

| YIELD COMPARISONS |        |        |        |        |        |        |        |        |
|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                   | Feb-10 | Mar-10 | Apr-10 | May-10 | Jun-10 | Jul-10 | Aug-10 | Sep-10 |
| NCUSIF Yield      | 2.26%  | 2.30%  | 2.30%  | 2.28%  | 2.30%  | 2.32%  | 2.25%  | 2.25%  |
| 90-day T-Bill     | 0.13%  | 0.16%  | 0.16%  | 0.22%  | 0.18%  | 0.15%  | 0.14%  | 0.16%  |
| 1-year T-Bill     | 0.32%  | 0.41%  | 0.41%  | 0.34%  | 0.32%  | 0.29%  | 0.25%  | 0.27%  |
| 2-year T-Note     | 0.81%  | 1.02%  | 0.97%  | 0.76%  | 0.61%  | 0.55%  | 0.47%  | 0.42%  |
| 30-year T-Note    | 4.55%  | 4.72%  | 4.53%  | 4.22%  | 3.91%  | 3.98%  | 3.52%  | 3.69%  |

Figure 8

**YIELD COMPARISONS  
SEPTEMBER 30, 2010**

