

NATIONAL CREDIT UNION SHARE INSURANCE FUND

Your savings federally insured to at least \$250,000
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, 2010



MARY ANN WOODSON
CHIEF FINANCIAL OFFICER

NCUSIF FINANCIAL HIGHLIGHTS
August 31, 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 increase of \$211.6 million in reserves.

Statement of Revenue and Expense:

Insurance Loss Expense – is \$211.6 million for August. \$11.6 million was expensed to increase specific natural person credit union reserves and \$200.0 million was expensed to increase to the non-specific reserves in order to maintain the midpoint of the non-specific reserve range.

NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
AUGUST 31, 2010

ASSETS:

Investments:

U.S. Government Securities

Advances to Credit Unions:

Share Deposits & Loans

Total Advances to Credit Unions

Other Receivables:

Due from Credit Unions

Insurance Premium Receivable

Recoveries from Liq. CU

Total Other Receivables

Cash

Interest Receivable

Prepaid & Deferred Charges

Leased Assets

Interest on Loan Receivable

Other

TOTAL ASSETS

LIABILITIES:

Accounts Payable:

Liquidation Claims

Notes Payable - CLF

Interest Payable - CLF

Check Clearing Accounts

Other

Total Current Liabilities

Provision for CU Losses (Reserves) - NPCU

TOTAL LIABILITIES (1)

EQUITY:

CU Contributed Capital

Retained Earnings

Unrealized Gain/Loss on A-F-S Securities

TOTAL EQUITY

TOTAL LIABILITIES & EQUITY

	August 2010	July 2010	August 2009
Investments:			
U.S. Government Securities	\$9,831,937,000.09	\$9,791,307,375.32	\$8,010,478,774.59
Advances to Credit Unions:			
Share Deposits & Loans	10,000,000,000.00	10,000,000,000.00	10,000,000,000.00
<i>Total Advances to Credit Unions</i>	10,000,000,000.00	10,000,000,000.00	10,000,000,000.00
Other Receivables:			
Due from Credit Unions	286,372.47	715,600.00	19,021.37
Insurance Premium Receivable	47,516.13	49,563.18	800,000,000.00
Recoveries from Liq. CU	200,083,942.52	455,058,267.98	109,432,819.48
<i>Total Other Receivables</i>	200,417,831.12	455,823,431.16	909,451,840.85
Cash	504,672.19	500,979.54	100,124.92
Interest Receivable	65,142,273.22	88,221,864.92	58,277,159.98
Prepaid & Deferred Charges	0.00	0.00	(1,910,987.13)
Leased Assets	0.00	0.00	0.00
Interest on Loan Receivable	10,270,684.92	5,786,301.36	12,448,596.17
Other	43,353,040.61	17,702,344.27	18,884,870.65
TOTAL ASSETS	\$20,151,625,502.15	\$20,359,342,296.57	\$19,007,730,380.03
LIABILITIES:			
Accounts Payable:			
Liquidation Claims	\$21,881,472.54	\$58,261,409.58	\$11,281,729.98
Notes Payable - CLF	10,000,000,000.00	10,000,000,000.00	10,000,000,000.00
Interest Payable - CLF	10,270,684.90	5,786,301.34	8,870,137.00
Check Clearing Accounts	585,683.36	586,306.86	7,419,972.02
Other	720,090.59	1,391,306.82	2,508,693.04
<i>Total Current Liabilities</i>	10,033,457,931.39	10,066,025,324.60	10,030,080,532.04
Provision for CU Losses (Reserves) - NPCU	1,172,592,486.74	1,190,209,458.96	523,666,401.38
TOTAL LIABILITIES (1)	11,206,050,418.13	11,256,234,783.56	10,553,746,933.42
EQUITY:			
CU Contributed Capital	7,269,660,305.38	7,268,115,291.34	6,111,478,777.53
Retained Earnings	1,319,945,217.93	1,523,149,884.67	2,214,412,607.78
Unrealized Gain/Loss on A-F-S Securities	355,969,560.71	311,842,337.00	128,092,061.30
TOTAL EQUITY	8,945,575,084.02	9,103,107,513.01	8,453,983,446.61
TOTAL LIABILITIES & EQUITY	\$20,151,625,502.15	\$20,359,342,296.57	\$19,007,730,380.03

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

COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS			
for Period Ending August 31, 2010			
	AUG 10	JUL 10	AUG 09
Investments/Total Assets	48.39%	48.09%	42.14%
Total Equity/Insured Shares (1)	1.14%	1.17%	1.30%
Prov. for Losses/CU Capital	16.13%	16.39%	7.41%
Non-Earning/Total Assets	1.37%	2.70%	5.15%
Available Asset Ratio	1.10%	1.10%	1.04%

(1) July & August 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 July to 1.20% and August to 1.18%.

NATIONAL CREDIT UNION SHARE INSURANCE FUND
STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING AUGUST 31, 2010

	Aug-10 Actual	Aug-10 Budget	CY to Date 2010 Actual	CY to Date 2010 Budget	CY to Date 2009
INCOME:					
Investment Income	\$18,254,963.47	\$18,000,000.00	\$144,860,348.06	\$144,000,000.00	\$129,775,959.49
Interest revenue on Loans	4,484,383.56	4,500,000.00	35,151,780.80	36,000,000.00	\$0.00
Premium Income	0.00	-	204,372.01	-	800,000,343.40
Other Income	34,568.76	70,000.00	269,273.34	560,000.00	23,938,010.42
TOTAL INCOME	22,773,915.79	22,570,000.00	180,485,774.21	180,560,000.00	953,714,313.31
EXPENSE:					
Employee Pay	5,413,857.68	5,465,135.80	41,085,699.12	42,975,840.59	\$35,811,570.21
Employee Benefits	1,488,272.96	1,580,273.85	11,286,867.31	12,426,698.91	9,631,579.36
Employee Travel	970,236.69	1,108,713.90	7,780,996.18	8,869,711.20	6,079,802.69
Rent/Communications/Utilities	240,415.20	223,937.00	1,400,833.31	1,791,496.00	1,380,176.47
Administrative Costs	789,402.11	558,105.94	5,508,351.44	4,464,847.52	3,702,409.10
Contracted Services	949,285.47	721,249.04	4,390,110.90	5,769,992.32	2,879,376.62
<i>Subtotal NCUA Operating Exp.</i>	<i>9,851,470.11</i>	<i>9,657,415.53</i>	<i>71,452,858.26</i>	<i>76,298,586.54</i>	<i>59,484,914.45</i>
AMAC Expense	3,203.74	15,000.00	17,775.39	120,000.00	4,757.78
Training Expense	27,918.71	125,000.00	525,317.85	1,000,000.00	807,243.01
Leasing Expense	1,666.67	6,000.00	15,000.36	48,000.00	79,727.08
Accrued Insurance Interest Expense	4,484,383.56	4,700,000.00	35,151,780.80	37,600,000.00	17,496,438.36
Other Insurance Expense	11,308.86	271,000.00	1,553,823.05	2,168,000.00	4,897,205.55
<i>Total Operating Exp.</i>	<i>14,379,951.65</i>	<i>14,774,415.53</i>	<i>108,716,555.71</i>	<i>117,234,586.54</i>	<i>82,770,286.23</i>
Insurance Loss Exp.	211,598,631.00	62,500,000.00	641,621,330.33	500,000,000.00	356,534,234.00
TOTAL EXPENSE	225,978,582.65	77,274,415.53	750,337,886.04	617,234,586.54	439,304,520.23
NET INCOME:	(\$203,204,666.86)	(\$54,704,415.53)	(\$569,852,111.83)	(\$436,674,586.54)	\$514,409,793.08
Retained Earnings, Beginning of Year			\$1,889,797,329.76		\$1,700,002,814.70
Prior Year Adjustment			0.00		514,409,793.08
As Restated			1,889,797,329.76		2,214,412,607.78
Net Income			(569,852,111.83)		0.00
			1,319,945,217.93		2,214,412,607.78
Dividends			0.00		0.00
Retained Earnings, Year To Date			\$1,319,945,217.93		\$2,214,412,607.78

Comparative Analysis of NCUSIF Ratios for August 31, 2010

INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	CURRENT CYTD	PRIOR CYTD
1. Oper. Exp./Total Income	63.14%	63.14%	60.24%	8.68%
2. Ins. Loss Exp./Total Income	443.34%	929.13%	355.50%	37.38%
3. Total Exp./Total Income	506.48%	992.27%	415.73%	46.06%
4. Net Income/Total Income	-406.48%	-892.27%	-315.73%	53.94%
5. Ins. Loss Exp./Insured Shares	0.01%	0.03%	0.09%	0.05%

Figure 1

GROSS INCOME AUG 09 – AUG 10

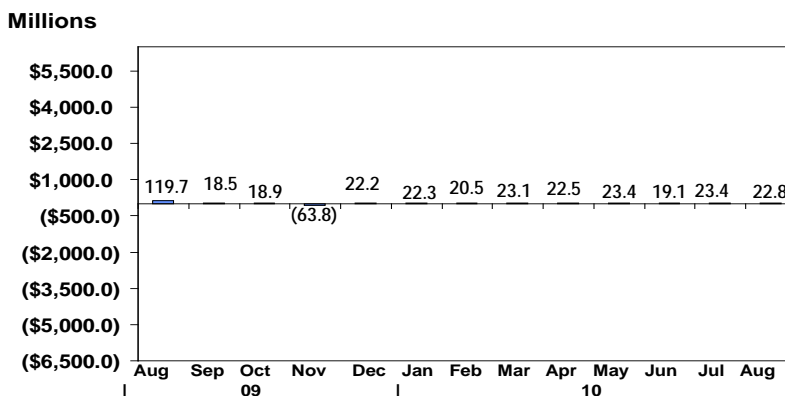


Figure 2

OPERATING EXPENSE AUG 09 – AUG 10

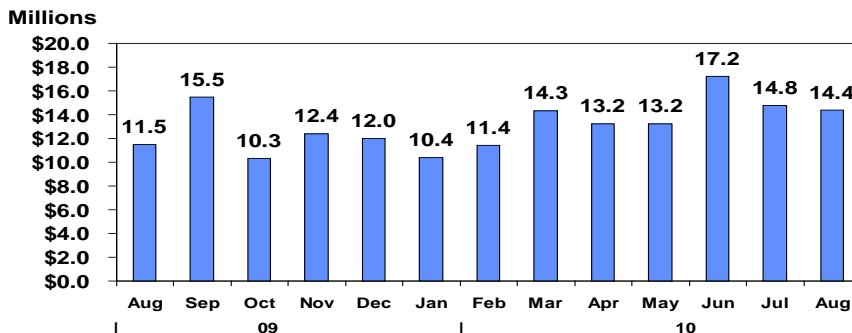


Figure 3

INSURANCE LOSS EXPENSE AUG 09 – AUG 10

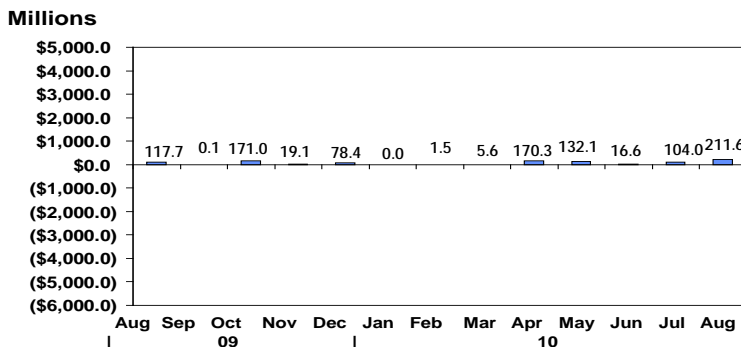


Figure 4

REVENUE AND EXPENSE

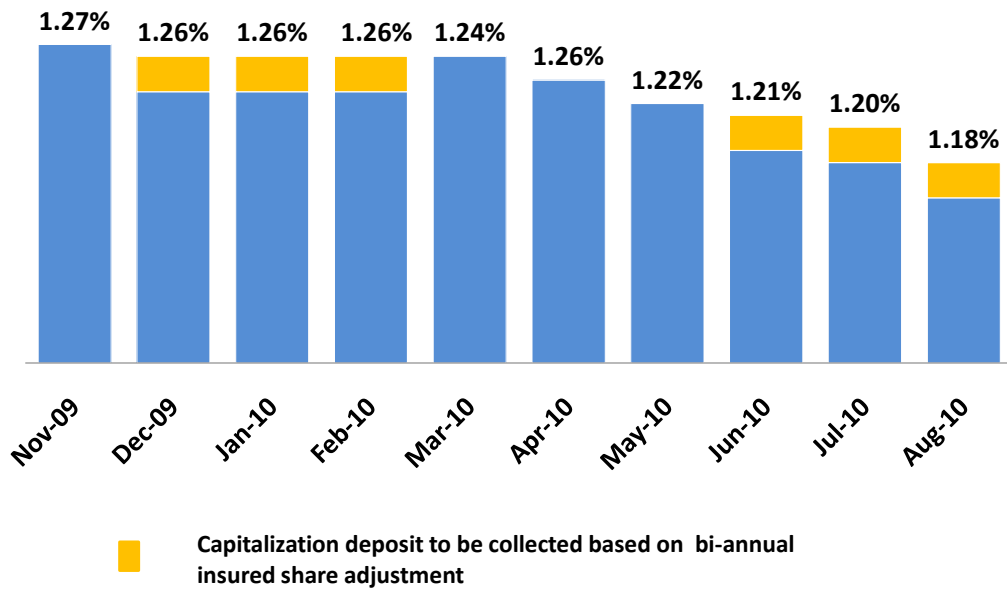
AUGUST 31, 2010

(In Millions)

	August		YTD	YTD
	Actual	Budgeted	Actual	Budget
Gross Income:				
Investment Income	18.3	18.0	144.9	144.0
Other Income	4.5	4.6	35.6	36.6
Less Expenses:				
Operating Expense	14.4	14.8	108.7	117.2
Insurance Loss Expense	211.6	62.5	641.6	500.0
Net Income (Loss)	(203.2)	(54.7)	(569.9)	(436.7)

Figure 5

NCUSIF Equity Ratio



INVESTMENT PORTFOLIO SUMMARY

August 31, 2010

I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	Gain or (Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$672,887,000	\$672,887,000	\$0	100.00%	0.15%
U.S. Treasury Notes	8,803,080,439	9,159,050,000	355,969,561	104.04%	2.48%
TOTAL	\$9,475,967,439	\$9,831,937,000	\$355,969,561	103.76%	2.25%
II. INVESTMENT PORTFOLIO PERFORMANCE					
	Last Month	Current Month	CY To Date	CY10 Projections	
Investment Yield	2.32%	2.25%	2.28%	2.27%	
Investment Income	\$18,720,452	\$18,254,963	\$144,860,348	\$216,000,000	
Income Budgeted (1/1/10)	\$18,000,000	\$18,000,000	\$144,000,000	\$216,000,000	
Income/Budgeted Ratio	104.0%	101.4%	100.6%		
Weighted Avg. Maturity in Days	1,018	1,138			
III. MONTHLY ACTIVITY					
	Purchased	Type	Amount	Maturity	Yield
	8/31/2010	T-Note	200,000,000	7/15/2015	1.33%
	8/31/2010	T-Note	50,000,000	8/15/2020	2.50%
TOTAL			\$250,000,000		
IV. MATURITY SCHEDULE (par value in millions)					
3 months or less	\$1,022.9				
3 months - 1 year	850.0				
1 year - 2 years	1,700.0				
2 years - 3 years	1,800.0				
3 years - 4 years	1,450.0				
4 years - 5 years	1,470.0				
5 years - 10 years	950.0				
TOTAL	\$9,242.9				

Figure 6

TREASURY YIELD CURVE

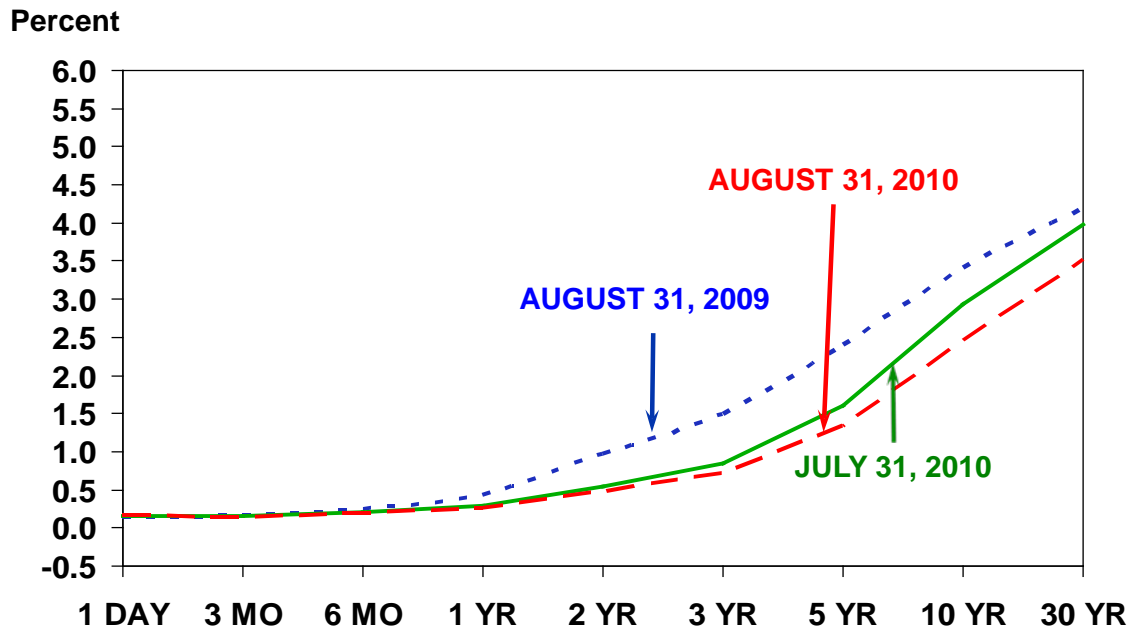
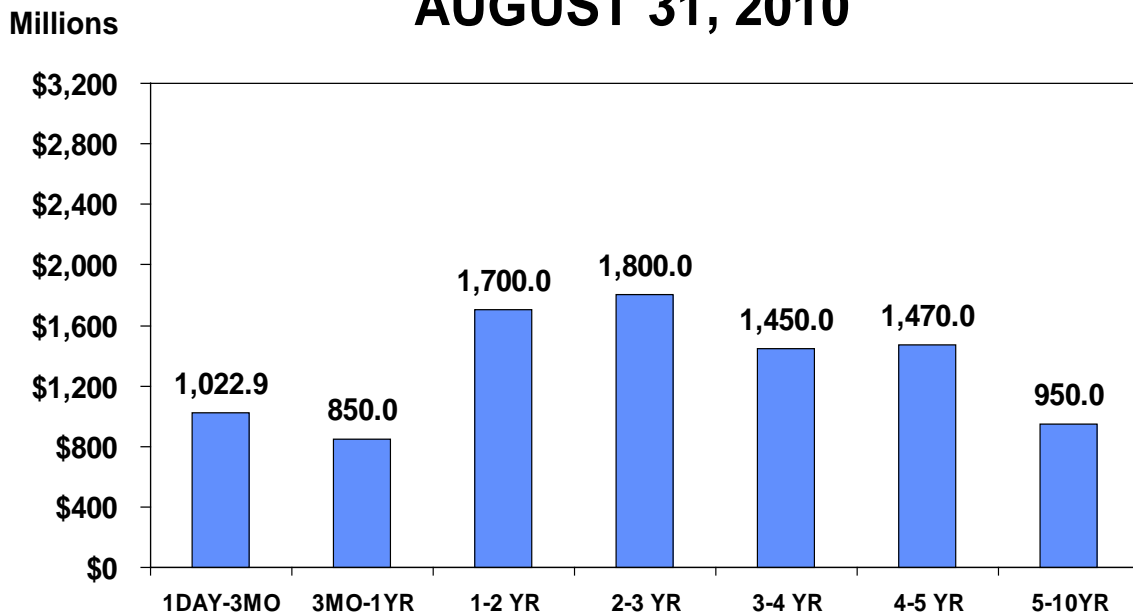


Figure 7

MATURITY SCHEDULE

AUGUST 31, 2010



MONTH-END YIELD COMPARISONS

August 31, 2010

YIELD COMPARISONS								
	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10
NCUSIF Yield	2.21%	2.26%	2.30%	2.30%	2.28%	2.30%	2.32%	2.25%
90-day T-Bill	0.08%	0.13%	0.16%	0.16%	0.22%	0.18%	0.15%	0.14%
1-year T-Bill	0.30%	0.32%	0.41%	0.41%	0.34%	0.32%	0.29%	0.25%
2-year T-Note	0.82%	0.81%	1.02%	0.97%	0.76%	0.61%	0.55%	0.47%
30-year T-Note	4.51%	4.55%	4.72%	4.53%	4.22%	3.91%	3.98%	3.52%

Figure 8

**YIELD COMPARISONS
AUGUST 31, 2010**

