

Statement of Income

ACCT NO.		MONTH OF SEPTEMBER	FROM 1 JAN 2009 TO PRESENT
	Income:		
411100	Interest on Consumer Loans— Closed-End	\$ 52,649,606	\$ 471,863,178
411200	Interest on NAVchek Loans	\$ 3,206,953	\$ 28,567,075
411210	Interest on Vehicle Leases	\$ 300,902	\$ 3,195,790
411300	Interest on Credit Card Loans	\$ 35,730,554	\$ 305,352,309
411400	Interest on Mortgage Loans	\$ 64,317,871	\$ 575,770,549
411500	Interest on Federal Education Loans	\$ 767,311	\$ 8,099,189
411600	Interest on Home Equity Loans	\$ 2,445,589	\$ 21,541,992
411650	Interest on Fixed Equity Loans	\$ 20,749,159	\$ 201,887,068
411700	Interest on Business Loans	\$ 417,389	\$ 3,333,772
412000	Income from Investments	\$ 13,082,462	\$ 81,854,182
413000	Late Charges	\$ 1,242,594	\$ 11,156,022
414000	Gain (Loss) on Eligible Obligation	\$ 747,963	\$ 50,243,777
414500	Gain (Loss) on Disposition of Leased Vehicles	\$ (93,719)	\$ (1,417,738)
415000	Origination Fees	\$ 12,768	\$ 124,087
415500	Servicing Fees	\$ 4,337,797	\$ 36,687,449
416000	Miscellaneous Operating Income	\$ 39,616,316	\$ 342,887,952
	TOTAL GROSS INCOME	\$ 239,531,515	\$ 2,141,146,653
	Expenses:		
521000	Compensation	\$ 32,278,794	\$ 284,111,075
522000	Employee Benefits (NOTE 3)	\$ 13,429,982	\$ 101,985,661
523000	Travel and Conference Expenses	\$ 138,605	\$ 1,095,178
524000	Association Dues	\$ 8,658	\$ 78,117
525000	Office Occupancy Expenses	\$ 6,083,042	\$ 53,626,647
526000	Office Operations Expenses	\$ 14,975,075	\$ 126,338,117
527000	Education and Marketing Expenses	\$ 1,255,210	\$ 12,606,585
528000	Loan Servicing Expenses	\$ 12,324,017	\$ 110,022,761
529000	Professional and Outside Services	\$ 5,383,562	\$ 47,467,950
530000	Provision for Loan Losses	\$ 55,542,664	\$ 489,637,929
530600	Provision for Investment Losses	\$ -	\$ -
530620	Amortization of Mort. Serv. Assets Expenses	\$ -	\$ -
530630	Impairment of Mort. Serv. Assets Expenses	\$ -	\$ -
530635	Fair Market Value Adj. of Mort. Serv. Assets Expenses	\$ 1,654,548	\$ 16,342,246
530640	Unrealized Losses on Mortgage Loans	\$ (10,166)	\$ 3,033,081
530650	Unrealized Losses on Mort. Loan Commit/Trades	\$ (681,916)	\$ 496,500
531000	Members' Insurance	\$ 47,366	\$ 428,976
532000	Federal Operating Fee	\$ 92,511	\$ 832,604
533000	Cash Short (Over)	\$ 5,652	\$ 47,209
534000	Interest Expenses	\$ 24,936,224	\$ 230,385,705
535000	Annual Meeting Expenses	\$ 12,052	\$ 25,527
537000	Miscellaneous Operating Expenses	\$ 2,425,194	\$ 19,166,206
	TOTAL EXPENSES	\$ 169,901,074	\$ 1,497,728,074
	Income from Operations	\$ 69,630,441	\$ 643,418,579
	Non-Operating Gains (Losses):		
642000	Gain (Loss) on Investments	\$ -	\$ -
643000	Gain (Loss) on Disposition of Assets	\$ (331,181)	\$ (426,196)
644000*	Gain (Loss) on NCUSIF Stabilization	\$ -	\$ (54,858,312)
	TOTAL NON-OPERATING GAIN (LOSSES)	\$ (331,181)	\$ (55,284,508)
	Income Before Dividends	\$ 69,299,260	\$ 588,134,071
538000	Dividends	\$ 43,999,943	\$ 435,752,140
	NET INCOME	\$ 25,299,317	\$ 152,381,931

Notes to Financial Statements

* NOTE 1:	These financial statements were prepared as required by NCUA to record the impact on the NCUSIF of Corporate Credit Union Stabilization actions and in accordance with NCUA Accounting Bulletin #09-2 and #09-14.
NOTE 2:	COMMITMENTS: NAVchek, Credit Card, Home Equity Lines of Credit, Letters of Credit, Utility Guarantee, and Pre-approved Auto Loan Commitments as of 30 September 2009 were \$573,598,912, \$5,667,085,282, \$1,145,484,546, \$7,500,000, \$3,403,170, and \$266,144,973, respectively.
NOTE 3:	PENSION PLAN: Navy Federal has a non-contributory funded pension plan covering substantially all of its employees. Pension expenses through 30 September 2009 amounted to \$26,552,561.
NOTE 4:	The market value of securities held to maturity as of 30 September 2009 was \$1,639,209,003.
NOTE 5:	The U.S. Government obligations and federal agency securities collateralizing notes payable (reverse repurchase transactions) have a book and market value of \$357,986,526 and \$375,994,644, respectively.