

# **NATIONAL CREDIT UNION SHARE INSURANCE FUND**

Your savings federally insured to at least \$100,000  
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 JULY 31, 2007**

**DENNIS WINANS  
CHIEF FINANCIAL OFFICER**

**NCUSIF FINANCIAL HIGHLIGHTS**  
**July 31, 2007**

**Balance Sheet:**

Prepaid & Deferred Charges — is \$0.4 million for July. \$7.0 million was transferred to the operating fund to cover 53.3% of the agency's operating costs. July's actual operating costs were \$6.6 million.

Other Assets — represents balance due to the NCUSIF from monies loaned to NCUA for purchase of the King Street building.

Provision for Credit Union Losses (Reserves) — of \$91.2 million includes additional reserves of \$7.5 million for July 2007.

NCUSIF Equity — is 1.26% for July. The equity ratio is based upon an insured share base of \$561.2 billion at June 30, 2007. [revised to actual insured shares]

**Statement of Revenue and Expense:**

Investment Income — is approximately \$981 thousand higher than the previous month due to one more calendar day in July for which interest was accrued.

NCUSIF Total Operating Expense — of \$6.7 million includes \$95.9 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 \$7.5 million for July. This increase is for new reserves for specific problem credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND  
BALANCE SHEET  
JULY 31, 2007

ASSETS	JULY 2006	JUNE 2007	JULY 2007
Investments:			
U.S. Government Securities	\$6,706,154,104.69	\$7,064,841,661.85	\$7,077,749,972.01
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits & Loans	25,000,000.00	0.00	0.00
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Total Advances to Credit Unions	25,000,000.00	0.00	0.00
Other Receivables:			
Due from Credit Unions	101,162.92	537,844.88	92,241.77
Loans due to NCUSIF	0.00	0.00	0.00
Recoveries from Liq. CU	11,457,175.13	11,384,738.91	11,497,709.66
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Total Other Receivables	11,558,338.05	11,922,583.79	11,589,951.43
Cash	18,722.93	5,668.65	5,235.11
Interest Receivable	46,852,533.41	69,539,922.89	68,574,152.95
Prepaid & Deferred Charges	116,775.30	791,688.02	357,751.67
Leased Assets	903,156.13	550,992.74	523,191.40
Other	23,034,881.32	21,758,905.38	21,647,160.59
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<b>TOTAL ASSETS</b>	<b>\$6,813,638,511.83</b>	<b>\$7,169,411,423.32</b>	<b>\$7,180,447,415.16</b>
	=====	=====	=====
<b>LIABILITIES</b>			
Accounts Payable:			
Liquidation Claims	\$4,954,958.96	\$2,967,864.07	\$4,710,083.14
Other	20,370.77	527,122.95	43,539.67
Check Clearing Accounts	22,903.81	67,985.00	17,262.41
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Total Current Liabilities	4,998,233.54	3,562,972.02	4,770,885.22
Provision for CU Losses (Reserves)	\$73,478,384.00	86,048,974.36	91,208,229.08
Lease Liabilities	\$894,948.75	615,815.12	527,133.76
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<b>TOTAL LIABILITIES</b>	<b>\$79,371,566.29</b>	<b>\$90,227,761.50</b>	<b>\$96,506,248.06</b>
<b>EQUITY</b>			
CU Contributed Capital	\$5,150,303,934.22	\$5,354,751,672.32	\$5,346,282,675.09
Retained Earnings	\$1,583,963,011.32	1,724,431,989.50	1,737,658,492.01
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<b>TOTAL EQUITY</b>	<b>\$6,734,266,945.54</b>	<b>\$7,079,183,661.82</b>	<b>\$7,083,941,167.10</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$6,813,638,511.83</b>	<b>\$7,169,411,423.32</b>	<b>\$7,180,447,415.16</b>
	=====	=====	=====

COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS  
for Period Ending July 31, 2007

	JUL 06	JUN 07	JUL 07
1. Investments/Total Assets	98.42%	98.54%	98.57%
2. Total Equity/Insured Shares	1.26%	1.26%*	1.26%*
3. Prov. for Losses/CU Capital	1.43%	1.61%	1.71%
4. Non-Earning/Total Assets	0.87%	1.16%	1.13%
5. Available Asset Ratio	1.23%	1.24%	1.24%

\*Revised 9/5/07

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE  
FOR THE PERIOD ENDING JULY 31, 2007

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2007	CY TO DATE BUDGETED 2007	CY TO DATE 2006
Investment Income	\$27,380,482.47	\$26,000,000.00	\$184,662,507.83	\$182,000,000.00	\$143,019,052.50
Other Income	116,341.59	80,000.00	\$661,421.95	560,000.00	507,185.51
Total Income	27,496,824.06	26,080,000.00	185,323,929.78	182,560,000.00	143,526,238.01
<b>EXPENSE</b>					
Employee Pay	3,882,918.15	4,013,120.27	27,176,343.32	27,726,055.23	\$28,248,543.84
Employee Benefits	1,011,576.57	1,092,060.92	7,266,243.68	7,549,226.00	7,811,658.52
Employee Travel	724,934.45	606,907.52	3,814,286.25	4,248,352.62	3,630,267.07
Rent/Communications/Utilities	95,792.74	176,501.04	1,023,226.80	1,235,507.30	1,190,829.11
Administrative Costs	555,014.82	532,516.23	2,696,625.94	3,727,613.60	3,453,502.68
Contracted Services	372,011.60	388,598.66	1,905,797.80	2,720,190.67	1,918,881.95
Subtotal NCUA Operating Exp.	6,642,248.33	6,809,704.64	43,882,523.79	47,206,945.42	46,253,683.17
AMAC Expense	9,640.87	1,000.00	15,259.42	7,000.00	2,714.87
Training Expense	54,760.67	100,000.00	527,554.51	700,000.00	484,515.34
Leasing Expense	29,178.95	30,675.00	229,272.28	214,725.00	275,329.60
Other Insurance Expense	2,360.69	5,000.00	19,141.97	35,000.00	44,139.08
Total Operating Exp.	6,738,189.51	6,946,379.64	44,673,751.97	48,163,670.42	47,060,382.06
Insurance Loss	7,532,132.04	2,000,000.00	23,491,561.15	14,000,000.00	2,915,872.53
Total Expense	\$14,270,321.55	\$8,946,379.64	\$68,165,313.12	\$62,163,670.42	\$49,976,254.59
NET INCOME	<u>\$13,226,502.51</u>	<u>\$17,133,620.36</u>	<u>\$117,158,616.66</u>	<u>\$120,396,329.58</u>	<u>\$93,549,983.42</u>
Retained Earnings, Beginning of Year			<b>\$1,672,030,178.22</b>		\$1,490,413,027.90
Prior Year Adjustment			0.00		0.00
As Restated			1,672,030,178.22		1,490,413,027.90
Net Income			117,158,616.66		93,549,983.42
Dividends			1,789,188,794.88		1,583,963,011.32
			51,530,302.87		0.00
Retained Earnings, Year To Date			<u>\$1,737,658,492.01</u>		<u>\$1,583,963,011.32</u>

Comparative Analysis of NCUSIF Ratios for July 31, 2007

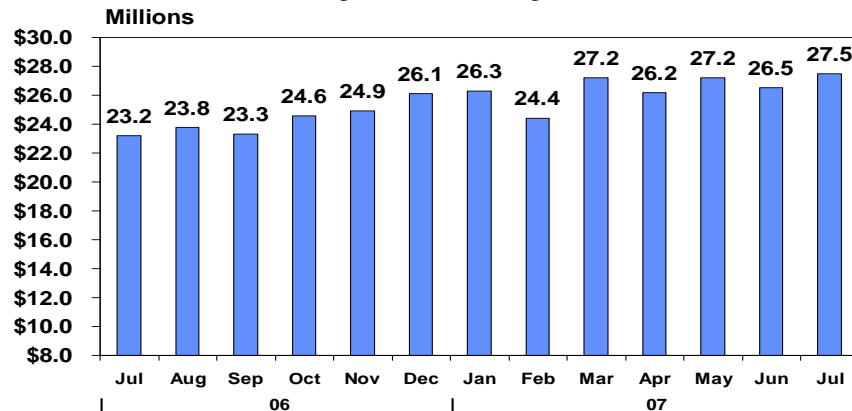
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	23.84%	24.51%	32.79%	24.11%
2. Ins. Loss/Total Income	3.68%	27.39%	2.03%	12.68%
3. Total Exp./Total Income	27.52%	51.90%	34.82%	36.78%
4. Net Income/Total Income	72.48%	48.10%	65.18%	63.22%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.01%

**TABLE 3 - STATEMENT OF CASH FLOWS**  
**July 31, 2007**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$ 145,537,387.63
Other income received	661,421.95
Repayment of advances to credit unions (FCU Act §208)	15,000,000.00
Cash paid for operating expenses	(44,736,036.91)
Net cash (paid) received for insurance losses	<u>(2,129,325.70)</u>
Net cash provided by operating activities	<u>114,333,446.97</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(103,305,460.47)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>866,650.02</u>
Net cash provided by (used in) investing activities	<u>(102,438,810.45)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions (distributions) from insured credit unions Cont Cap acct	39,950,817.80
Dividends to insured credit unions	(51,530,302.87)
Principal repayments under capital lease obligations	<u>(315,529.94)</u>
Net cash provided by financing activities	<u>(11,895,015.01)</u>
NET INCREASE (DECREASE) IN CASH	(378.49)
CASH, BEGINNING OF YEAR	<u>5,613.60</u>
CASH, ENDING JULY 31, 2007	<u>\$ 5,235.11</u>

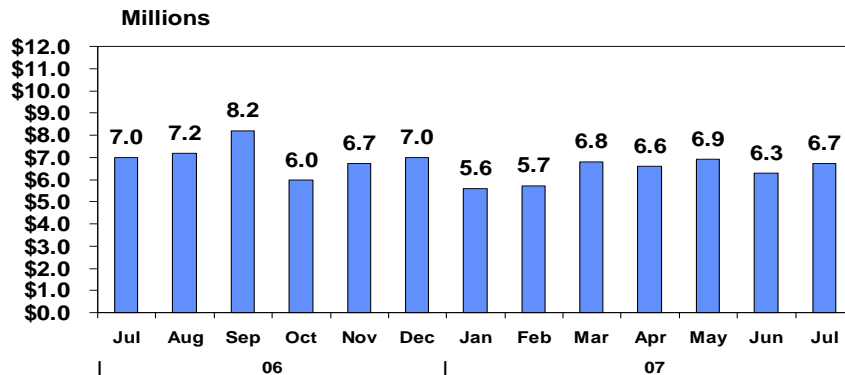
# GROSS INCOME

## July 06 – July 07



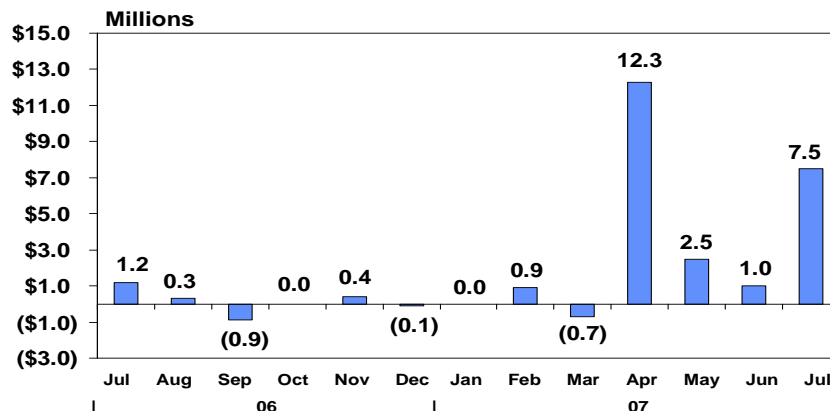
# OPERATING EXPENSE

## July 06 – July 07



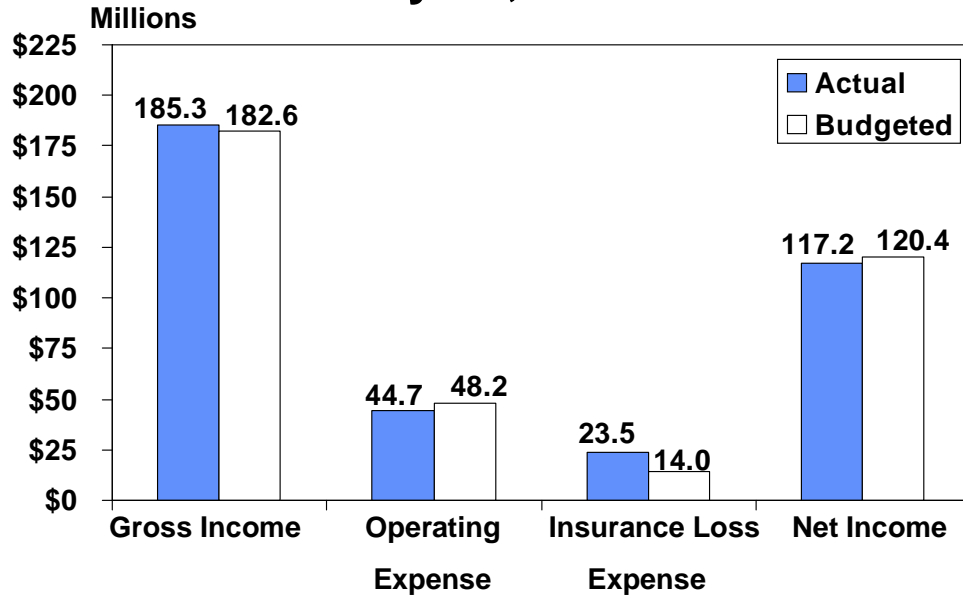
# INSURANCE LOSS EXPENSE

## July 06 – July 07



# REVENUE AND EXPENSE

July 31, 2007



# NCUSIF EQUITY RATIO

July 31, 2007

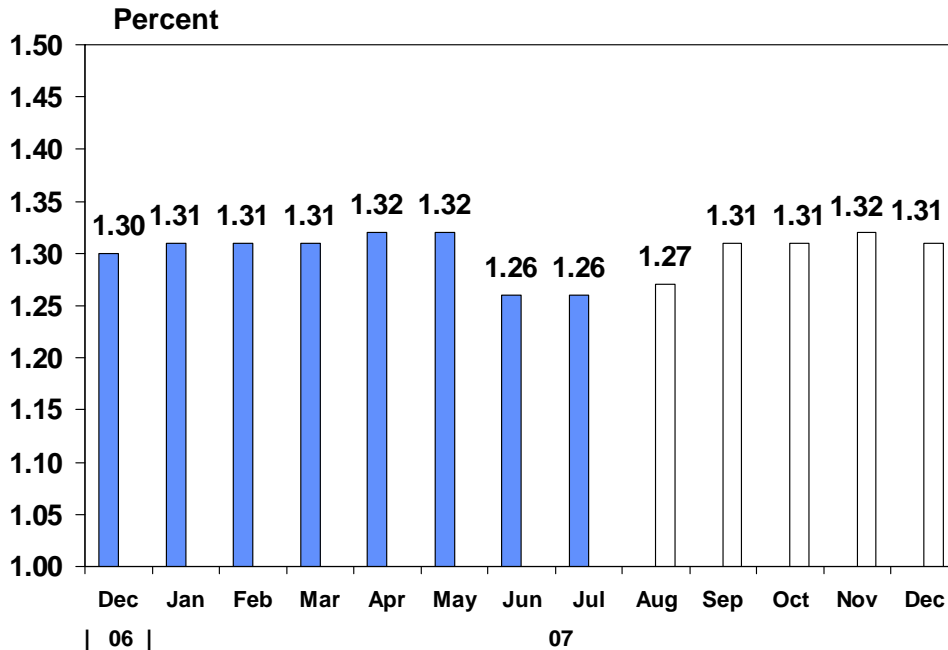


TABLE 4

**INVESTMENT PORTFOLIO SUMMARY**

July 31, 2007

<b>I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE</b>					
	Book Value	Market Value	Gain or (Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$673,549,000	\$673,549,000	\$0	100.00%	5.10%
U.S. Treasury Notes	\$6,404,200,972	\$6,404,750,000	\$549,028	100.01%	4.43%
<b>TOTAL</b>	<b>\$7,077,749,972</b>	<b>\$7,078,299,000</b>	<b>\$549,028</b>	<b>100.01%</b>	<b>4.55%</b>

<b>II. INVESTMENT PORTFOLIO PERFORMANCE</b>				
	Last Month	Current Month	CY To Date	CY07 Projections
	4.50%	4.49%	4.47%	4.50%
Investment Income	\$26,465,446	\$27,380,482	\$184,662,507	\$312 Million
Income Budgeted	\$26,000,000	\$26,000,000	\$182,000,000	\$312 Million
Income/Budgeted Ratio	101.8%	105.3%	101.5%	100.00%
Weighted Avg. Maturity in Days	589	671		

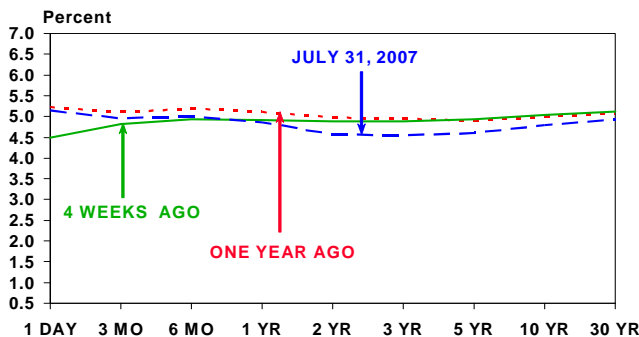
  

<b>III. MONTHLY ACTIVITY</b>				
Purchase	Type	Amount	Maturity	Yield
7/30/2007	Treasury Note	\$250,000,000	8/15/2009	4.54%
7/30/2007	Treasury Note	\$200,000,000	8/15/2010	4.51%
7/30/2007	Treasury Note	\$200,000,000	6/30/2012	4.59%
<b>TOTAL</b>		<b>\$650,000,000</b>		

<b>IV. MATURITY SCHEDULE (par value in millions)</b>	
3 months or less	1,123.5
3 months - 1 year	1,400.0
1 year - 2 years	1,750.0
2 years - 3 years	1,050.0
3 years - 4 years	1,000.0
4 years - 5 years	800.0
<b>TOTAL</b>	<b>\$7,123.5</b>

**TREASURY YIELD CURVE**



**MATURITY SCHEDULE**

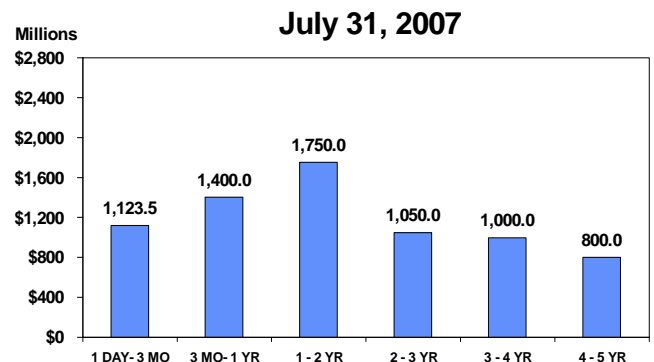




TABLE 5

MONTHLY YIELD COMPARISONS

July 31, 2007

YIELD COMPARISONS								
	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07
NCUSIF Yield	4.34%	4.37%	4.45%	4.52%	4.50%	4.48%	4.50%	4.49%
90 day T-Bill	5.01%	5.12%	5.16%	5.04%	4.91%	4.73%	4.82%	4.96%
1 year T-Bill	5.00%	5.09%	4.96%	4.90%	4.89%	4.95%	4.92%	4.85%
2 year T-Note	4.81%	4.94%	4.65%	4.58%	4.60%	4.92%	4.88%	4.56%
30 year T-Note	4.81%	4.93%	4.68%	4.84%	4.81%	5.01%	5.12%	4.92%

**YIELD COMPARISONS**  
**July 31, 2007**

