

# **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 AUGUST 31, 2007**

**DENNIS WINANS  
CHIEF FINANCIAL OFFICER**

**NCUSIF FINANCIAL HIGHLIGHTS**  
**August 31, 2007**

**Balance Sheet:**

Prepaid & Deferred Charges — is \$0.6 million for August. \$7.0 million was transferred to the operating fund to cover 53.3% of the agency's operating costs. August's actual operating costs were \$6.4 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 \$91.0 million includes additional reserves of \$0.3 million for August 2007.

NCUSIF Equity — increased to 1.27% for August. The equity ratio is based upon an insured share base of \$561.2 billion at June 30, 2007.

**Statement of Revenue and Expense:**

Investment Income — is approximately \$401 thousand less than the previous month due to lower interest rates in August for which interest was accrued.

NCUSIF Total Operating Expense — of \$7.0 million includes \$282.4 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 \$0.3 million for August. This increase is for new reserves for specific problem credit unions.

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

ASSETS	AUGUST 2006	JULY 2007	AUGUST 2007
Investments:			
U.S. Government Securities	\$6,727,700,780.71	\$7,077,749,972.01	\$7,117,976,481.25
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits & Loans	25,000,000.00	0.00	0.00
	-----	-----	-----
Total Advances to Credit Unions	25,000,000.00	0.00	0.00
Other Receivables:			
Due from Credit Unions	5,987.44	92,241.77	16,746.32
Loans due to NCUSIF	0.00	0.00	0.00
Recoveries from Liq. CU	12,359,723.30	11,497,709.66	10,635,065.42
	-----	-----	-----
Total Other Receivables	12,365,710.74	11,589,951.43	10,651,811.74
Cash	6,226.76	5,235.11	5,703.33
Interest Receivable	39,077,143.11	68,574,152.95	48,923,153.90
Prepaid & Deferred Charges	0.00	357,751.67	588,568.77
Leased Assets	874,845.46	523,191.40	496,447.69
Other	23,036,236.51	21,647,160.59	21,535,415.80
	-----	-----	-----
<b>TOTAL ASSETS</b>	<b>\$6,828,060,943.29</b>	<b>\$7,180,447,415.16</b>	<b>\$7,200,177,582.48</b>
	=====	=====	=====
<b>LIABILITIES</b>			
Accounts Payable:			
Liquidation Claims	\$4,821,517.44	\$4,710,083.14	\$4,322,457.59
Other	27,061.70	43,539.67	62,545.74
Check Clearing Accounts	6,142.89	17,262.41	2,964.52
	-----	-----	-----
Total Current Liabilities	4,854,722.03	4,770,885.22	4,387,967.85
Provision for CU Losses (Reserves)	\$71,679,065.77	91,208,229.08	91,015,269.67
Lease Liabilities	\$895,318.43	527,133.76	528,514.98
	-----	-----	-----
<b>TOTAL LIABILITIES</b>	<b>\$77,429,106.23</b>	<b>\$96,506,248.06</b>	<b>\$95,931,752.50</b>
<b>EQUITY</b>			
CU Contributed Capital	\$5,150,368,733.34	\$5,346,282,675.09	\$5,346,486,506.10
Retained Earnings	\$1,600,263,103.72	1,737,658,492.01	1,757,759,323.88
	-----	-----	-----
<b>TOTAL EQUITY</b>	<b>\$6,750,631,837.06</b>	<b>\$7,083,941,167.10</b>	<b>\$7,104,245,829.98</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$6,828,060,943.29</b>	<b>\$7,180,447,415.16</b>	<b>\$7,200,177,582.48</b>
	=====	=====	=====

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

	AUG 06	JUL 07	AUG 07
1. Investments/Total Assets	98.53%	98.57%	98.86%
2. Total Equity/Insured Shares	1.27%	1.26%*	1.27%
3. Prov. for Losses/CU Capital	1.39%	1.71%	1.70%
4. Non-Earning/Total Assets	0.77%	1.13%	0.84%
5. Available Asset Ratio	1.24%	1.24%	1.26%

\*Revised 9/5/07

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

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2007	CY TO DATE BUDGETED 2007	CY TO DATE 2006
Investment Income	\$26,979,376.10	\$26,000,000.00	\$211,641,883.93	\$208,000,000.00	\$166,619,032.45
Other Income	67,513.17	80,000.00	\$728,935.12	640,000.00	698,504.75
	-----	-----	-----	-----	-----
Total Income	27,046,889.27	26,080,000.00	212,370,819.05	208,640,000.00	167,317,537.20
<b>EXPENSE</b>					
Employee Pay	4,063,351.66	4,196,013.58	31,239,694.98	31,922,068.81	\$32,531,854.10
Employee Benefits	1,071,894.38	1,139,661.13	8,338,138.06	8,688,887.13	8,914,908.37
Employee Travel	569,693.29	606,907.51	4,383,979.54	4,855,260.13	4,194,289.96
Rent/Communications/Utilities	133,916.89	176,501.04	1,157,143.69	1,412,008.34	1,377,678.78
Administrative Costs	336,703.97	532,516.23	3,033,329.91	4,260,129.83	3,984,990.93
Contracted Services	235,871.04	388,598.67	2,141,668.84	3,108,789.34	2,266,151.99
	-----	-----	-----	-----	-----
Subtotal NCUA Operating Exp.	6,411,431.23	7,040,198.16	50,293,955.02	54,247,143.58	53,269,874.13
AMAC Expense	155,043.86	1,000.00	170,303.28	8,000.00	2,714.87
Training Expense	96,633.12	100,000.00	624,187.63	800,000.00	614,882.15
Leasing Expense	28,124.93	30,675.00	257,397.21	245,400.00	304,009.95
Other Insurance Expense	2,618.26	5,000.00	21,760.23	40,000.00	47,252.63
	-----	-----	-----	-----	-----
Total Operating Exp.	6,693,851.40	7,176,873.16	51,367,603.37	55,340,543.58	54,238,733.73
Insurance Loss	252,206.00	2,000,000.00	23,743,767.15	16,000,000.00	3,228,727.65
	-----	-----	-----	-----	-----
Total Expense	\$6,946,057.40	\$9,176,873.16	\$75,111,370.52	\$71,340,543.58	\$57,467,461.38
	-----	-----	-----	-----	-----
NET INCOME	<u>\$20,100,831.87</u>	<u>\$16,903,126.84</u>	<u>\$137,259,448.53</u>	<u>\$137,299,456.42</u>	<u>\$109,850,075.82</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			137,259,448.53		109,850,075.82
			-----		-----
Dividends			1,809,289,626.75		1,600,263,103.72
			51,530,302.87		0.00
			-----		-----
Retained Earnings, Year To Date			<u>\$1,757,759,323.88</u>		<u>\$1,600,263,103.72</u>

Comparative Analysis of NCUSIF Ratios for August 31, 2007

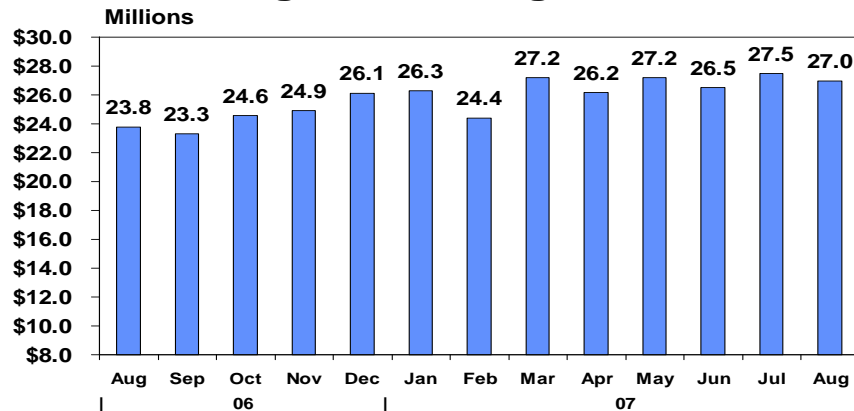
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	24.51%	24.75%	32.42%	24.19%
2. Ins. Loss/Total Income	27.39%	0.93%	1.93%	11.18%
3. Total Exp./Total Income	51.90%	25.68%	34.35%	35.37%
4. Net Income/Total Income	48.10%	74.32%	65.65%	64.63%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.01%

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

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$ 218,542,127.54
Other income received	728,935.12
Repayment of advances to credit unions (FCU Act §208)	15,000,000.00
Cash paid for operating expenses	(51,627,811.33)
Net cash (paid) received for insurance losses	<u>(2,099,472.42)</u>
Net cash provided by operating activities	<u>180,543,778.91</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(169,906,334.47)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>978,394.81</u>
Net cash provided by (used in) investing activities	<u>(168,927,939.66)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions (distributions) from insured credit unions Cont Cap acct	40,230,083.29
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>(11,615,749.52)</u>
NET INCREASE (DECREASE) IN CASH	89.73
CASH, BEGINNING OF YEAR	<u>5,613.60</u>
CASH, ENDING AUGUST 31, 2007	<u><u>\$ 5,703.33</u></u>

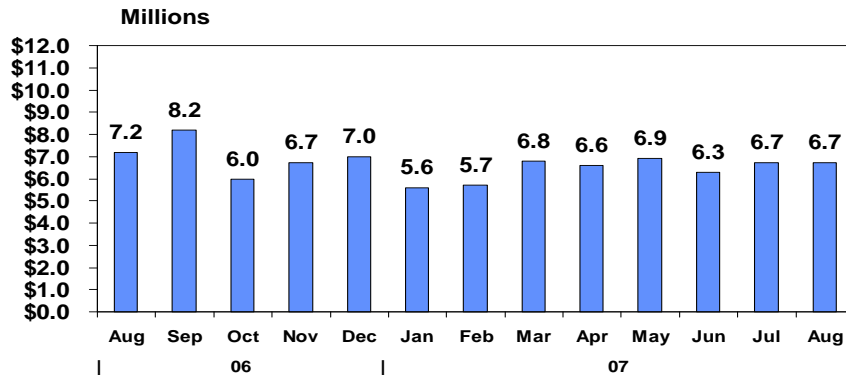
# GROSS INCOME

## August 06 – August 07



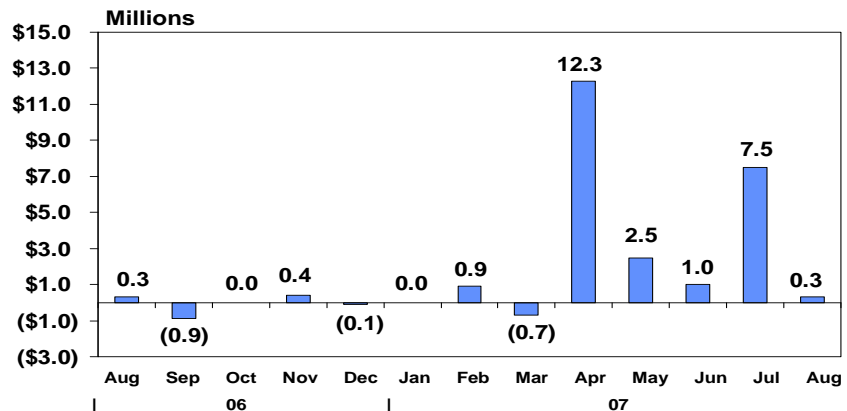
# OPERATING EXPENSE

## August 06 – August 07



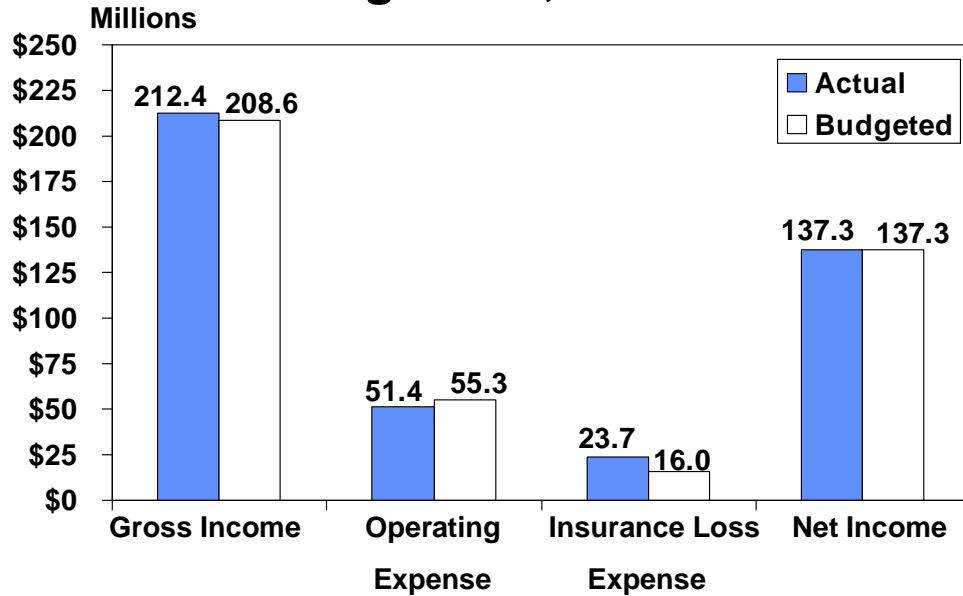
# INSURANCE LOSS EXPENSE

## August 06 – August 07



# REVENUE AND EXPENSE

August 31, 2007



# NCUSIF EQUITY RATIO

August 31, 2007

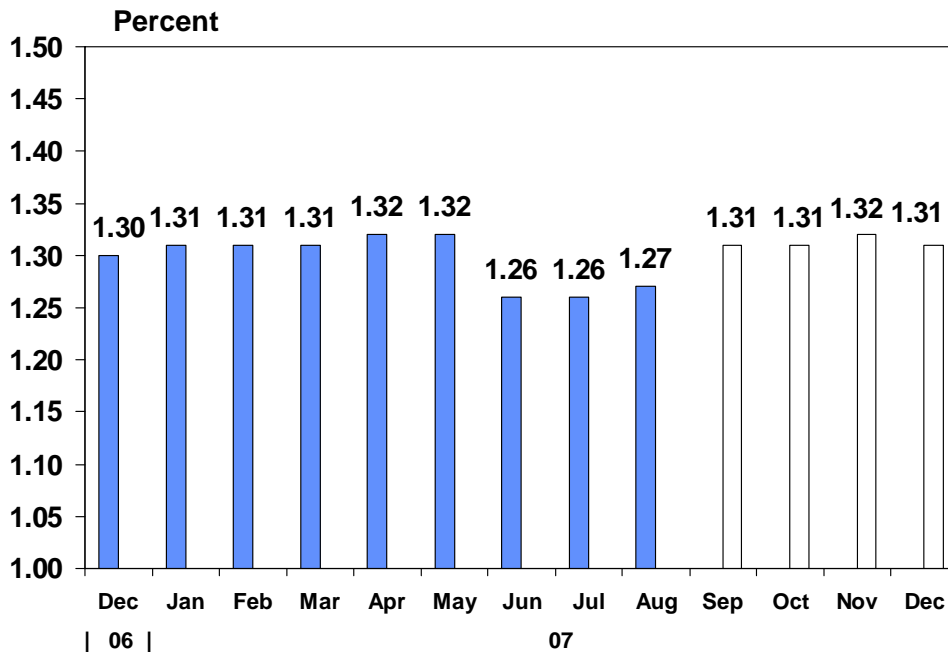


TABLE 4

**INVESTMENT PORTFOLIO SUMMARY**

August 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	\$1,161,228,000	\$1,161,228,000	\$0	100.00%	4.55%
U.S. Treasury Notes	\$5,956,748,482	\$6,003,703,125	\$46,954,643	100.79%	4.52%
<b>TOTAL</b>	<b>\$7,117,976,482</b>	<b>\$7,164,931,125</b>	<b>\$46,954,643</b>	<b>100.66%</b>	<b>4.52%</b>

<b>II. INVESTMENT PORTFOLIO PERFORMANCE</b>				
	Last Month	Current Month	CY To Date	CY07 Projections
	4.49%	4.40%	4.46%	4.50%
Investment Income	\$27,380,482	\$26,979,376	\$211,641,884	\$312 Million
Income Budgeted	\$26,000,000	\$26,000,000	\$208,000,000	\$312 Million
Income/Budgeted Ratio	105.3%	103.8%	101.8%	100.00%
Weighted Avg. Maturity in Days	671	640		

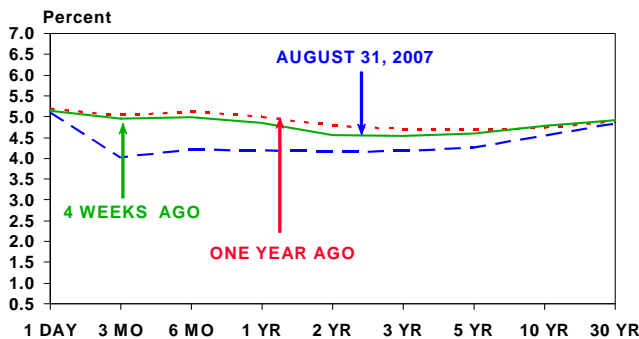
  

<b>III. MONTHLY ACTIVITY</b>				
Purchase	Type	Amount	Maturity	Yield
<b>TOTAL</b>				
		<b>\$0</b>		

<b>IV. MATURITY SCHEDULE (par value in millions)</b>	
3 months or less	1,611.2
3 months - 1 year	1,150.0
1 year - 2 years	1,800.0
2 years - 3 years	1,000.0
3 years - 4 years	800.0
4 years - 5 years	800.0
<b>TOTAL</b>	<b>\$7,161.2</b>

**TREASURY YIELD CURVE**



**MATURITY SCHEDULE**

August 31, 2007

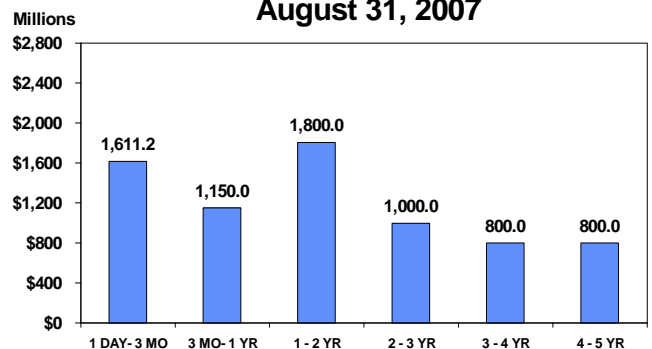




TABLE 5

MONTHLY YIELD COMPARISONS

August 31, 2007

YIELD COMPARISONS								
	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07
NCUSIF Yield	4.37%	4.45%	4.52%	4.50%	4.48%	4.50%	4.49%	4.40%
90 day T-Bill	5.12%	5.16%	5.04%	4.91%	4.73%	4.82%	4.96%	4.01%
1 year T-Bill	5.09%	4.96%	4.90%	4.89%	4.95%	4.92%	4.85%	4.19%
2 year T-Note	4.94%	4.65%	4.58%	4.60%	4.92%	4.88%	4.56%	4.15%
30 year T-Note	4.93%	4.68%	4.84%	4.81%	5.01%	5.12%	4.92%	4.83%

**YIELD COMPARISONS**  
**August 31, 2007**

