

# **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 DECEMBER 31, 2007**

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CHIEF FINANCIAL OFFICER**

## NCUSIF FINANCIAL HIGHLIGHTS December 31, 2007

### **Balance Sheet:**

Other Receivables: Due from Credit Unions — Credit unions with assets of \$50 million or greater that increased in insured shares from January 1, 2007 through June 30, 2007, were invoiced \$252.5 million in capitalization deposit adjustments on September 17, 2007. \$153.8 represents the outstanding balance that was due on October 23, 2007.

Other Receivables: Recoveries from Liq. CU — decreased to \$65.9 million due primarily to an increase in allowance for loss for a liquidated credit union.

Cash — of \$382.9 thousand includes collections received after the overnight investment was made on December 31, 2007.

Prepaid & Deferred Charges — is \$0 for December. \$7.0 million was transferred to the operating fund to cover 53.3% of the agency's operating costs. December's actual operating costs were \$7.2 million. The difference was recorded in accounts payable (other).

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

Other Liabilities — increased to \$31.2 million primarily due to \$30.9 million received in December for a credit union that will be insured effective January 1, 2008.

Provision for Credit Union Losses (Reserves) — of \$215.8 million includes additional reserves of \$168.1 million and a decrease of \$39.2 million to the national pool for December.

NCUSIF Equity — decreased to 1.29% for December. The equity ratio is based upon an estimated insured share base of \$562.0 billion at December 31, 2007.

### **Statement of Revenue and Expense:**

Investment Income — is approximately \$572.7 thousand more than the previous month due to one more calendar day in December for which interest was accrued.

NCUSIF Total Operating Expense — of \$6.9 million includes a net (\$342.9) thousand in direct expenses recovered by the NCUSIF for state examiner training, leasing expense for state examiner laptop computers, and other insurance related items.

Insurance Loss — is \$128.9 million for December. \$168.1 million was expensed for new specific case reserves and (\$39.2) million was a negative expense for non-specific reserves to decrease the national pool reserves as reported on the monthly reserve report provided by E&I. The non-specific reserve figure was calculated utilizing the methodology implemented as of December 31, 2004 based on CAMEL failure rates.

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

ASSETS	DECEMBER 2006	NOVEMBER 2007	DECEMBER 2007
Investments:			
U.S. Government Securities	\$6,940,671,927.08	\$7,297,037,164.17	\$7,365,747,949.37
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits & Loans	15,000,000.00	0.00	0.00
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Total Advances to Credit Unions	15,000,000.00	0.00	0.00
Other Receivables:			
Due from Credit Unions	46,210.91	2,361,187.70	153,788.57
Loans due to NCUSIF	0.00	0.00	0.00
Recoveries from Liq. CU	14,461,593.97	103,610,152.82	65,884,480.35
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Total Other Receivables	14,507,804.88	105,971,340.52	66,038,268.92
Cash	5,613.60	1,205,348.53	382,876.93
Interest Receivable	63,176,264.18	59,900,368.33	60,051,389.33
Prepaid & Deferred Charges	114,411.62	475,370.32	0.00
Leased Assets	761,758.38	429,334.69	402,853.44
Other	22,513,810.61	21,231,209.76	21,119,766.45
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<b>TOTAL ASSETS</b>	<b>\$7,056,751,590.35</b>	<b>\$7,486,250,136.32</b>	<b>\$7,513,743,104.44</b>
	=====	=====	=====
<b>LIABILITIES</b>			
Accounts Payable:			
Liquidation Claims	\$7,290,591.80	\$5,389,718.66	\$4,892,661.54
Other	108,544.25	9,226.88	31,155,465.98
Check Clearing Accounts	475.00	17,745.85	1,628.97
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Total Current Liabilities	\$7,399,611.05	5,416,691.39	36,049,756.49
Provision for CU Losses (Reserves)	\$70,229,369.28	112,906,182.87	215,780,199.41
Lease Liabilities	\$806,605.37	442,148.85	443,307.39
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<b>TOTAL LIABILITIES</b>	<b>\$78,435,585.70</b>	<b>\$118,765,023.11</b>	<b>\$252,273,263.29</b>
<b>EQUITY</b>			
CU Contributed Capital	\$5,306,285,826.43	\$5,582,978,478.42	\$5,585,256,383.76
Retained Earnings	\$1,672,030,178.22	1,784,506,634.79	1,676,213,457.39
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<b>TOTAL EQUITY</b>	<b>\$6,978,316,004.65</b>	<b>\$7,367,485,113.21</b>	<b>\$7,261,469,841.15</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$7,056,751,590.35</b>	<b>\$7,486,250,136.32</b>	<b>\$7,513,743,104.44</b>
	=====	=====	=====

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

	DEC 06	NOV 07	DEC 07
1. Investments/Total Assets	98.36%	98.47%	98.03%
2. Total Equity/Insured Shares	1.30%	1.31%	1.29%
3. Prov. for Losses/CU Capital	1.32%	2.02%	3.86%
4. Non-Earning/Total Assets	1.11%	2.24%	1.69%
5. Available Asset Ratio	1.28%	1.31%	1.29%

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

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2007	CY TO DATE BUDGETED 2007	CY TO DATE 2006
Investment Income	\$27,405,858.34	\$26,000,000.00	\$320,163,077.98	\$312,000,000.00	\$264,895,305.96
Other Income	78,375.85	80,000.00	\$1,165,749.89	960,000.00	1,325,728.32
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Total Income	27,484,234.19	26,080,000.00	321,328,827.87	312,960,000.00	266,221,034.28
EXPENSE					
Employee Pay	3,483,792.60	3,830,226.95	46,561,641.67	47,608,763.24	\$48,647,010.21
Employee Benefits	1,397,392.31	1,044,460.70	12,675,356.52	12,961,930.38	13,310,750.03
Employee Travel	1,022,186.64	606,907.52	7,763,511.23	7,282,890.20	7,401,209.60
Rent/Communications/Utilities	273,452.48	176,501.04	2,174,367.16	2,118,012.51	2,112,465.74
Administrative Costs	487,447.31	532,516.23	5,212,317.60	6,390,194.74	5,325,695.68
Contracted Services	558,944.15	388,598.67	3,379,259.35	4,663,184.01	3,844,452.12
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Subtotal NCUA Operating Exp.	7,223,215.49	6,579,211.11	77,766,453.53	81,024,975.08	80,641,583.38
AMAC Expense	(534,265.83)	1,000.00	6,168.69	12,000.00	2,714.87
Training Expense	158,497.42	100,000.00	1,055,211.84	1,200,000.00	938,006.63
Leasing Expense	27,639.79	30,675.00	355,842.84	368,100.00	418,442.94
Other Insurance Expense	5,231.41	5,000.00	34,204.29	60,000.00	54,850.77
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Total Operating Exp.	6,880,318.28	6,715,886.11	79,217,881.19	82,665,075.08	82,055,598.59
Insurance Loss	128,897,093.31	2,000,000.00	186,397,364.64	24,000,000.00	2,548,285.37
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Total Expense	\$135,777,411.59	\$8,715,886.11	\$265,615,245.83	\$106,665,075.08	\$84,603,883.96
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NET INCOME	(\$108,293,177.40)	\$17,364,113.89	\$55,713,582.04	\$206,294,924.92	\$181,617,150.32
	=====	=====	=====	=====	=====
Retained Earnings, Beginning of Year			\$1,672,030,178.22		\$1,490,413,027.90
Prior Year Adjustment			0.00		0.00
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As Restated			1,672,030,178.22		1,490,413,027.90
Net Income			55,713,582.04		181,617,150.32
			-----		-----
Dividends			1,727,743,760.26		1,672,030,178.22
			51,530,302.87		0.00
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Retained Earnings, Year To Date			\$1,676,213,457.39		\$1,672,030,178.22
			=====		=====

Comparative Analysis of NCUSIF Ratios for December 31, 2007

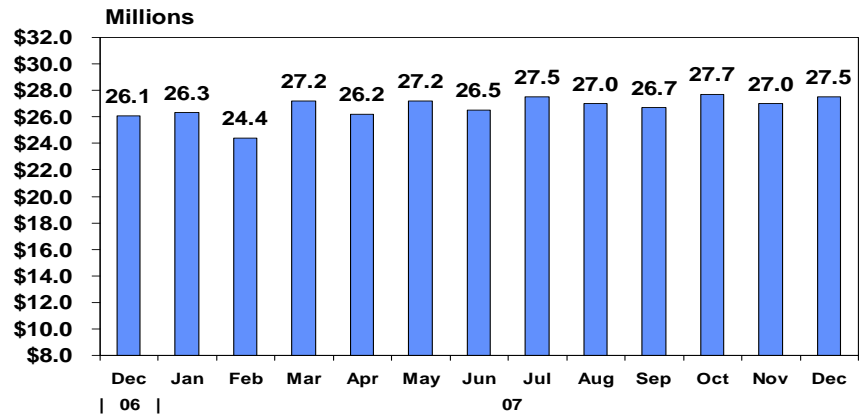
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	24.62%	25.03%	30.82%	24.65%
2. Ins. Loss/Total Income	-6.67%	468.99%	0.96%	58.01%
3. Total Exp./Total Income	17.96%	494.02%	31.78%	82.66%
4. Net Income/Total Income	82.04%	-394.02%	68.22%	17.34%
5. Ins. Loss/Insured Shares	0.00%	0.03%	0.00%	0.04%

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

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$ 298,751,430.54
Other income received	1,165,749.89
Repayment of advances to credit unions (FCU Act §208)	15,000,000.00
Cash paid for operating expenses	(47,699,551.03)
Net cash (paid) received for insurance losses	<u>(94,667,351.15)</u>
Net cash provided by operating activities	<u>172,550,278.25</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(400,494,146.97)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>1,394,044.16</u>
Net cash provided by (used in) investing activities	<u>(399,100,102.81)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions (distributions) from insured credit unions Cont Cap acct	278,862,979.67
Dividends to insured credit unions	(51,530,302.87)
Principal repayments under capital lease obligations	<u>(405,588.91)</u>
Net cash provided by financing activities	<u>226,927,087.89</u>
NET INCREASE (DECREASE) IN CASH	377,263.33
CASH, BEGINNING OF YEAR	<u>5,613.60</u>
CASH, ENDING DECEMBER 31, 2007	<u>\$ 382,876.93</u>

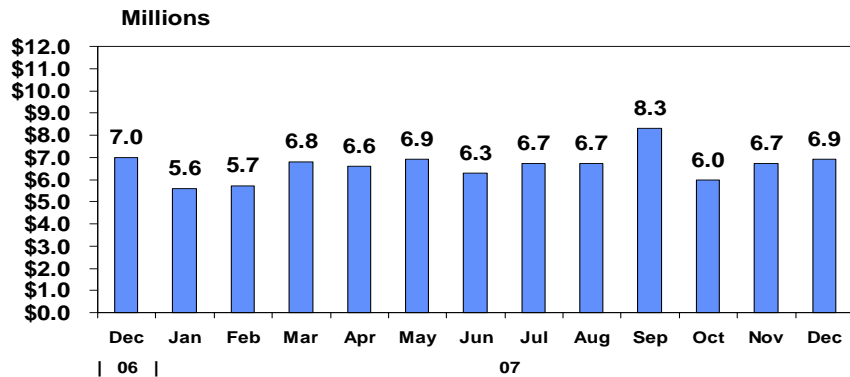
# GROSS INCOME

December 06 – December 07



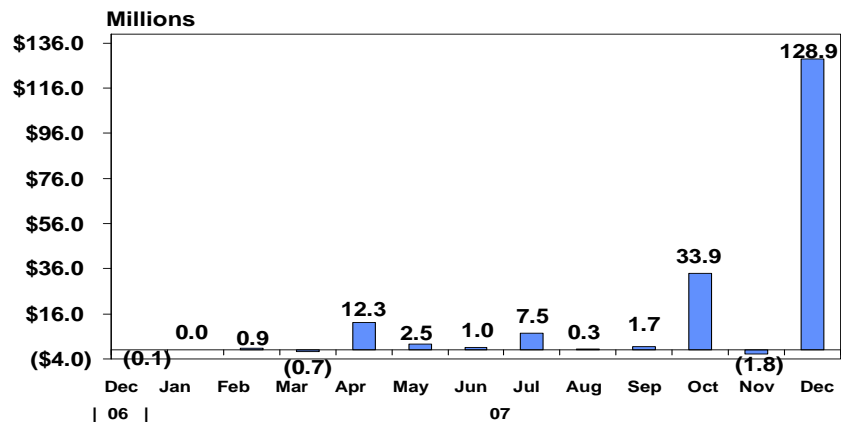
# OPERATING EXPENSE

December 06 – December 07



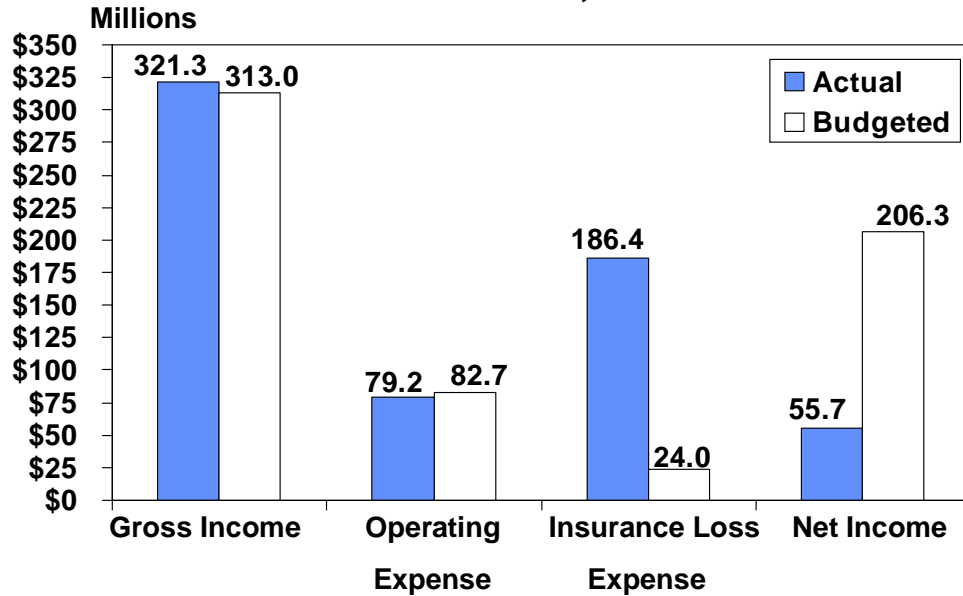
# INSURANCE LOSS EXPENSE

December 06 – December 07



# REVENUE AND EXPENSE

December 31, 2007



# NCUSIF EQUITY RATIO

December 31, 2007

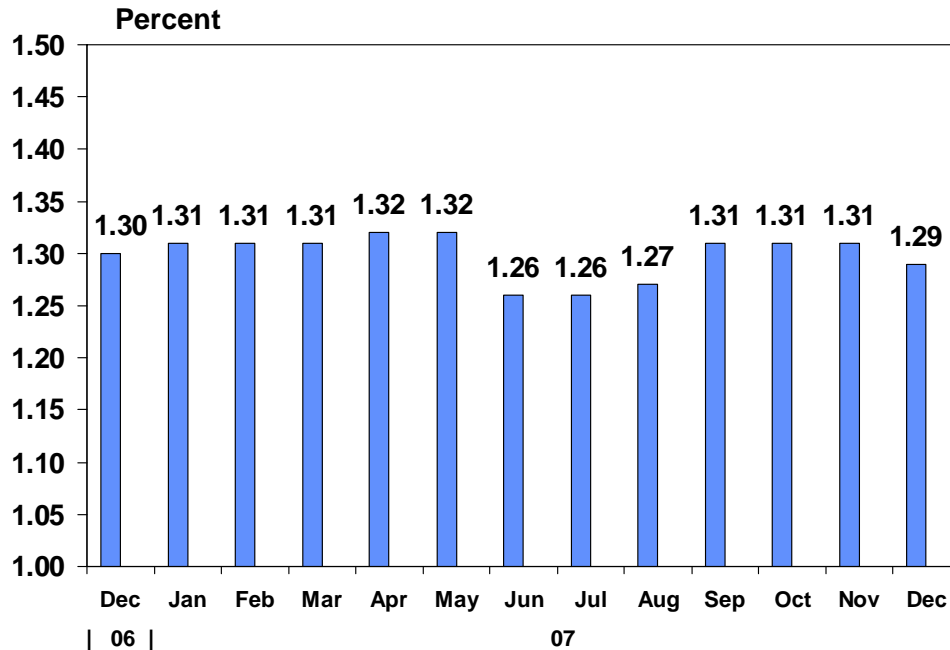
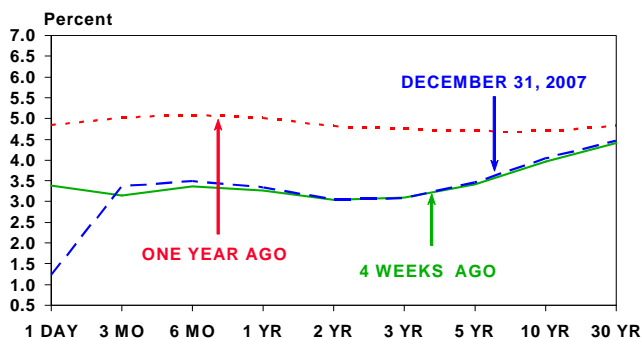


TABLE 4

INVESTMENT PORTFOLIO SUMMARYDecember 31, 2007

I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	Gain or (Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$1,391,433,000	\$1,391,433,000	\$0	100.00%	3.98%
U.S. Treasury Notes	\$5,974,314,949	\$6,126,593,750	\$152,278,801	102.55%	4.53%
<b>TOTAL</b>	<b>\$7,365,747,949</b>	<b>\$7,518,026,750</b>	<b>\$152,278,801</b>	<b>102.07%</b>	<b>4.43%</b>
II. INVESTMENT PORTFOLIO PERFORMANCE					
	Last Month	Current Month	CY To Date	CY07 Projections	
	4.39%	4.36%	4.45%	4.50%	
Investment Income	\$26,833,147	\$27,405,858	\$320,163,078	\$312 Million	
Income Budgeted	\$26,000,000	\$26,000,000	\$312,000,000	\$312 Million	
Income/Budgeted Ratio	103.2%	105.4%	102.6%	100.00%	
Weighted Avg. Maturity in Days	626	595			
III. MONTHLY ACTIVITY					
Purchase	Type	Amount	Maturity	Yield	
<b>TOTAL</b>		<b>\$0</b>			
IV. MATURITY SCHEDULE (par value in millions)					
3 months or less	1,841.4				
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	1,000.0				
4 years - 5 years	600.0				
<b>TOTAL</b>	<b>\$7,391.4</b>				

## TREASURY YIELD CURVE



## MATURITY SCHEDULE

December 31, 2007

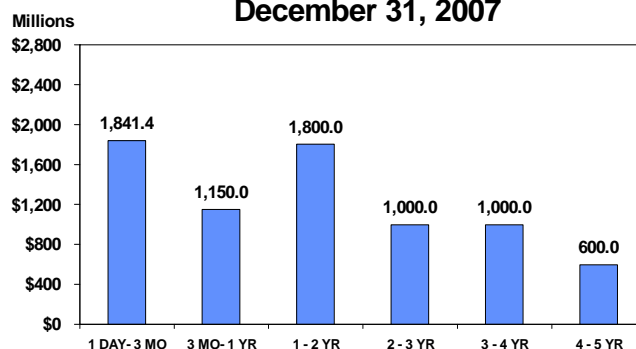




TABLE 5

MONTHLY YIELD COMPARISONS

December 31, 2007

YIELD COMPARISONS								
	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
NCUSIF Yield	4.48%	4.50%	4.49%	4.40%	4.50%	4.47%	4.39%	4.36%
90 day T-Bill	4.73%	4.82%	4.96%	4.01%	3.82%	3.94%	3.15%	3.36%
1 year T-Bill	4.95%	4.92%	4.85%	4.19%	4.05%	4.04%	3.26%	3.34%
2 year T-Note	4.92%	4.88%	4.56%	4.15%	3.97%	3.94%	3.04%	3.05%
30 year T-Note	5.01%	5.12%	4.92%	4.83%	4.83%	4.74%	4.40%	4.45%

**YIELD COMPARISONS**  
**December 31, 2007**

