

# **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 OCTOBER 31, 2007**

**DENNIS WINANS  
CHIEF FINANCIAL OFFICER**

**NCUSIF FINANCIAL HIGHLIGHTS**  
**October 31, 2007**

**Balance Sheet:**

Investments — net increase of approximately \$271.8 million is due primarily to the collection of one percent deposit adjustments due from credit unions on October 23, 2007.

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. The \$18.8 million represents the outstanding balance that was due on October 23, 2007.

Interest Receivable — decreased to \$55.7 million in October due to a combination of \$20.0 million in accrued interest earned, and \$32.7 million in payments received from Treasury.

Prepaid & Deferred Charges — is \$1.3 million for October. \$7.0 million was transferred to the operating fund to cover 53.3% of the agency's operating costs. October's actual operating costs were \$5.7 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 \$126.9 million includes an increase of \$30.3 million to the national pool for October 2007.

NCUSIF Equity — remained at 1.31% for October. 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 \$998.4 thousand more than the previous month due to one more calendar day in October for which interest was accrued.

NCUSIF Total Operating Expense — of \$6.0 million includes \$316 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 \$33.9 million for October. \$30.3 million was expensed to increase the national pool reserves as reported on the monthly reserve needs report provided by E&I. The figure was calculated utilizing the methodology implemented as of December 31, 2004 based on CAMEL failure rates. The calculation is updated semi-annually. The remaining \$3.6 million was for new reserves for specific problem credit unions.

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

ASSETS	OCTOBER 2006	SEPTEMBER 2007	OCTOBER 2007
Investments:			
U.S. Government Securities	\$6,901,540,370.46	\$7,096,857,728.22	\$7,368,664,786.18
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	5,139,992.61	250,254,200.91	18,764,927.88
Loans due to NCUSIF	0.00	0.00	0.00
Recoveries from Liq. CU	12,135,671.49	10,746,621.34	10,702,335.81
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Total Other Receivables	17,275,664.10	261,000,822.25	29,467,263.69
Cash	418,848.77	5,870.59	5,842.84
Interest Receivable	57,987,065.78	68,514,186.29	55,714,311.06
Prepaid & Deferred Charges	1,080,406.50	0.00	1,278,845.46
Leased Assets	818,324.05	483,495.65	456,640.89
Other	22,684,690.10	21,459,554.45	21,343,256.03
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<b>TOTAL ASSETS</b>	<b>\$7,016,805,369.76</b>	<b>\$7,448,321,657.45</b>	<b>\$7,476,930,946.15</b>
	=====	=====	=====
LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$4,338,060.73	\$4,407,659.50	\$4,579,168.76
Other	60,991.34	1,071,365.84	5,830.44
Check Clearing Accounts	13,179.78	2,972.91	2,376.46
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Total Current Liabilities	\$4,412,231.85	5,481,998.25	4,587,375.66
Provision for CU Losses (Reserves)	\$71,192,229.16	93,031,949.95	126,947,080.17
Lease Liabilities	\$805,950.14	529,899.82	440,993.34
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<b>TOTAL LIABILITIES</b>	<b>\$76,410,411.15</b>	<b>\$99,043,848.02</b>	<b>\$131,975,449.17</b>
EQUITY			
CU Contributed Capital	\$5,305,492,295.17	\$5,574,739,703.87	\$5,582,619,719.56
Retained Earnings	\$1,634,902,663.44	1,774,538,105.56	1,762,335,777.42
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<b>TOTAL EQUITY</b>	<b>\$6,940,394,958.61</b>	<b>\$7,349,277,809.43</b>	<b>\$7,344,955,496.98</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$7,016,805,369.76</b>	<b>\$7,448,321,657.45</b>	<b>\$7,476,930,946.15</b>
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS  
for Period Ending October 31, 2007

	OCT 06	SEP 07	OCT 07
1. Investments/Total Assets	98.36%	95.28%	98.55%
2. Total Equity/Insured Shares	1.30%	1.31%	1.31%
3. Prov. for Losses/CU Capital	1.34%	1.67%	2.27%
4. Non-Earning/Total Assets	1.11%	4.43%	1.16%
5. Available Asset Ratio	1.28%	1.26%	1.30%

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

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2007	CY TO DATE BUDGETED 2007	CY TO DATE 2006
Investment Income	\$27,640,269.96	\$26,000,000.00	\$265,924,072.60	\$260,000,000.00	\$214,201,905.89
Other Income	80,913.51	80,000.00	\$897,255.34	800,000.00	1,031,134.24
Total Income	27,721,183.47	26,080,000.00	266,821,327.94	260,800,000.00	215,233,040.13
<b>EXPENSE</b>					
Employee Pay	4,038,857.63	4,196,013.58	39,214,951.22	39,765,416.02	\$40,927,082.18
Employee Benefits	894,342.11	1,139,661.13	10,274,523.94	10,825,408.76	11,141,679.96
Employee Travel	288,667.41	606,907.52	6,032,722.33	6,069,075.17	5,847,437.80
Rent/Communications/Utilities	51,345.00	176,501.05	1,715,049.64	1,765,010.43	1,733,579.77
Administrative Costs	428,841.92	532,516.22	4,167,199.33	5,325,162.28	4,569,279.73
Contracted Services	19,100.47	388,598.67	2,614,161.90	3,885,986.68	3,013,586.32
Subtotal NCUA Operating Exp.	5,721,154.54	7,040,198.17	64,018,608.36	67,636,059.34	67,232,645.76
AMAC Expense	286,296.24	1,000.00	546,097.75	10,000.00	2,714.87
Training Expense	1,852.17	100,000.00	792,512.77	1,000,000.00	763,082.94
Leasing Expense	28,007.25	30,675.00	299,741.34	306,750.00	361,222.04
Other Insurance Expense	0.00	5,000.00	26,343.09	50,000.00	49,344.11
Total Operating Exp.	6,037,310.20	7,176,873.17	65,683,303.31	69,002,809.34	68,409,009.72
Insurance Loss	33,886,201.41	2,000,000.00	59,302,122.56	20,000,000.00	2,334,394.87
Total Expense	\$39,923,511.61	\$9,176,873.17	\$124,985,425.87	\$89,002,809.34	\$70,743,404.59
NET INCOME	<u>(\$12,202,328.14)</u>	<u>\$16,903,126.83</u>	<u>\$141,835,902.07</u>	<u>\$171,797,190.66</u>	<u>\$144,489,635.54</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			141,835,902.07		144,489,635.54
Dividends			1,813,866,080.29		1,634,902,663.44
			51,530,302.87		0.00
Retained Earnings, Year To Date			<u>\$1,762,335,777.42</u>		<u>\$1,634,902,663.44</u>

Comparative Analysis of NCUSIF Ratios for October 31, 2007

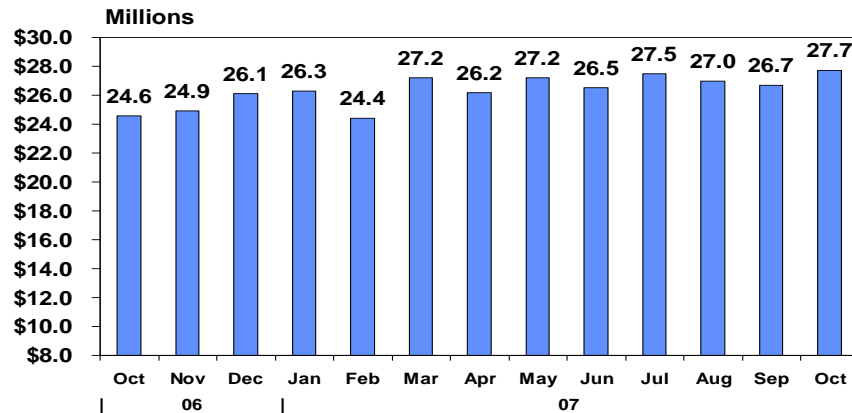
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	30.97%	21.78%	31.78%	24.62%
2. Ins. Loss/Total Income	6.26%	122.24%	1.08%	22.23%
3. Total Exp./Total Income	37.23%	144.02%	32.87%	46.84%
4. Net Income/Total Income	62.77%	-44.02%	67.13%	53.16%
5. Ins. Loss/Insured Shares	0.00%	0.01%	0.00%	0.01%

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

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$ 293,177,995.32
Other income received	897,255.34
Repayment of advances to credit unions (FCU Act §208)	15,000,000.00
Cash paid for operating expenses	(66,648,808.16)
Net cash (paid) received for insurance losses	<u>(1,536,576.55)</u>
Net cash provided by operating activities	<u>240,889,865.95</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(447,739,475.67)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>1,170,554.58</u>
Net cash provided by (used in) investing activities	<u>(446,568,921.09)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions (distributions) from insured credit unions Cont Cap acct	257,615,176.16
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>205,679,284.38</u>
NET INCREASE (DECREASE) IN CASH	229.24
CASH, BEGINNING OF YEAR	<u>5,613.60</u>
CASH, ENDING OCTOBER 31, 2007	<u>\$ 5,842.84</u>

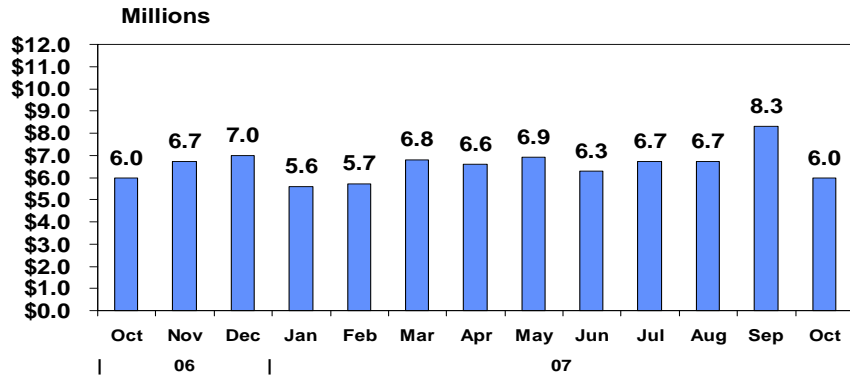
# GROSS INCOME

October 06 – October 07



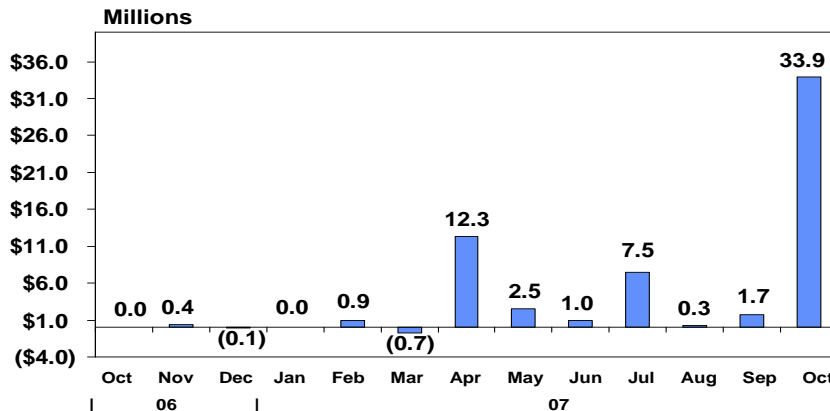
# OPERATING EXPENSE

October 06 – October 07



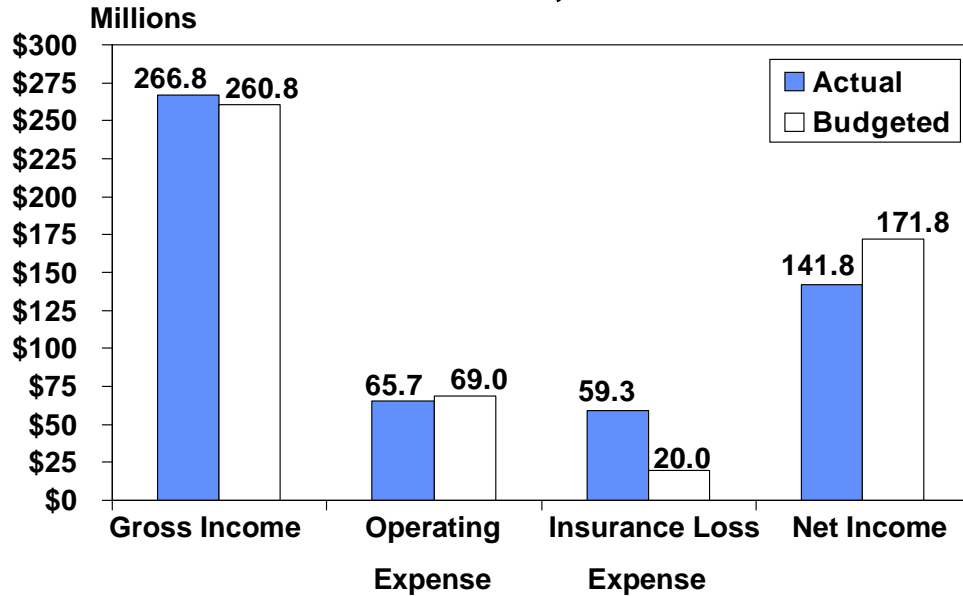
# INSURANCE LOSS EXPENSE

October 06 – October 07



# REVENUE AND EXPENSE

October 31, 2007



# NCUSIF EQUITY RATIO

October 31, 2007

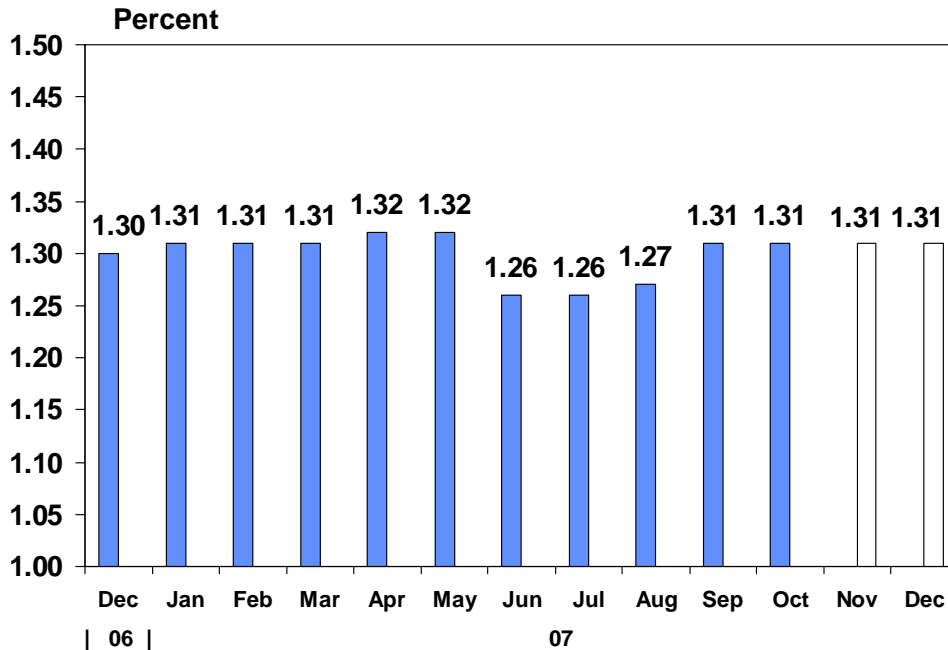


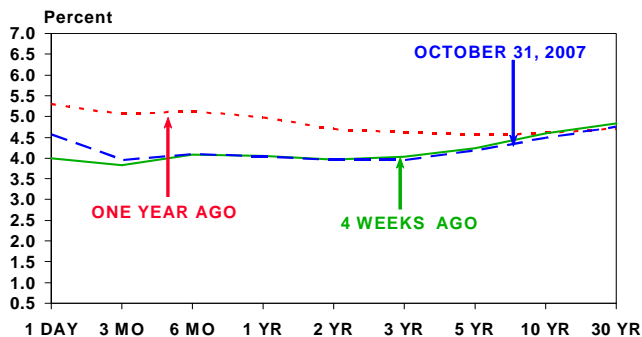
TABLE 4

**INVESTMENT PORTFOLIO SUMMARY**

October 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	\$1,406,580,000	\$1,406,580,000	\$0	100.00%	4.67%
U.S. Treasury Notes	\$5,962,084,787	\$6,027,765,625	\$65,680,838	101.10%	4.52%
<b>TOTAL</b>	<b>\$7,368,664,787</b>	<b>\$7,434,345,625</b>	<b>\$65,680,838</b>	<b>100.89%</b>	<b>4.54%</b>
<b>II. INVESTMENT PORTFOLIO PERFORMANCE</b>					
	Last Month	Current Month	CY To Date	CY07 Projections	
	4.50%	4.47%	4.47%	4.50%	
Investment Income	\$26,641,919	\$27,640,270	\$265,924,073	\$312 Million	
Income Budgeted	\$26,000,000	\$26,000,000	\$265,000,000	\$312 Million	
Income/Budgeted Ratio	102.5%	106.3%	102.3%	100.00%	
Weighted Avg. Maturity in Days	617	570			
<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	1,856.6				
3 months - 1 year	1,350.0				
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	400.0				
<b>TOTAL</b>	<b>\$7,406.6</b>				

**TREASURY YIELD CURVE**



**MATURITY SCHEDULE**

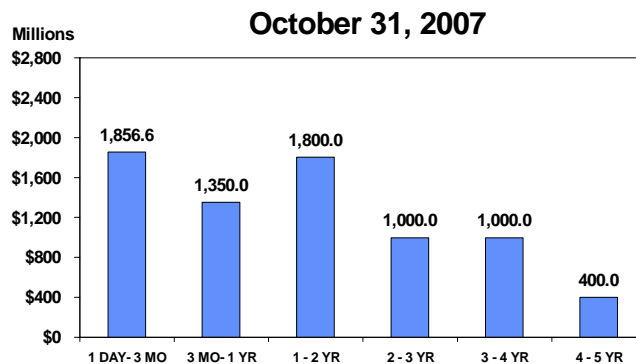




TABLE 5

MONTHLY YIELD COMPARISONS

October 31, 2007

YIELD COMPARISONS								
	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07
NCUSIF Yield	4.52%	4.50%	4.48%	4.50%	4.49%	4.40%	4.50%	4.47%
90 day T-Bill	5.04%	4.91%	4.73%	4.82%	4.96%	4.01%	3.82%	3.94%
1 year T-Bill	4.90%	4.89%	4.95%	4.92%	4.85%	4.19%	4.05%	4.04%
2 year T-Note	4.58%	4.60%	4.92%	4.88%	4.56%	4.15%	3.97%	3.94%
30 year T-Note	4.84%	4.81%	5.01%	5.12%	4.92%	4.83%	4.83%	4.74%

**YIELD COMPARISONS**  
**October 31, 2007**

