

# **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, 2006**

**DENNIS WINANS  
CHIEF FINANCIAL OFFICER**

**NCUSIF FINANCIAL HIGHLIGHTS**  
**December 31, 2006**

**Balance Sheet:**

Share Deposits and Loans — remained at \$15.0 million for outstanding 208 assistance.

Other Receivables: Due from Credit Unions — Credit unions with assets of \$50 million or greater that increased in insured shares from January 1, 2006 thru June 30, 2006, were invoiced \$182.3 million in capitalization deposit adjustments on September 14, 2006. The \$46.2 thousand represents the outstanding balance that was due on October 25, 2006.

Interest Receivable — net increase of \$13.6 million is due to a combination of \$17.6 million in accrued interest earned in December and payments of \$4.0 million received by the NCUSIF in December.

Prepaid & Deferred Charges — is \$.1 million for December. \$7.0 million was transferred to the operating fund to cover 57% of the agency's operating costs. December's actual operating costs were \$6.9 million.

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

NCUSIF Equity — remains at 1.31% for December. The equity ratio is based upon a projected insured share base of \$534.7 billion for December 31, 2006.

**Statement of Revenue and Expense:**

Investment Income — is approximately \$1.2 million greater than the previous month due to one more day of interest earned in December.

NCUSIF Total Operating Expense — of \$7.0 million includes \$105.0 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 a net decrease of \$138 thousand for December. This is due to a reevaluation of the national pool reserves and an increase for new reserves or reserve increases for specific problem credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND  
BALANCE SHEET  
DECEMBER 31, 2006

ASSETS	DECEMBER 2005	NOVEMBER 2006	DECEMBER 2006
Investments:			
U.S. Government Securities	\$6,606,966,570.32	\$6,933,065,894.26	\$6,940,671,927.08
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits & Loans	0.00	15,000,000.00	15,000,000.00
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Total Advances to Credit Unions	0.00	15,000,000.00	15,000,000.00
Other Receivables:			
Due from Credit Unions	1,736,346.65	1,769,255.76	46,210.91
Loans due to NCUSIF	0.00	0.00	0.00
Recoveries from Liq. CU	17,588,253.37	11,617,441.74	14,461,593.97
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Total Other Receivables	19,324,600.02	13,386,697.50	14,507,804.88
Cash	5,508.02	5,531.15	5,613.60
Interest Receivable	52,102,052.80	49,560,388.47	63,176,264.18
Prepaid & Deferred Charges	0.00	476,650.76	114,411.62
Leased Assets	103,413.87	790,069.05	761,758.38
Other	23,775,549.69	22,638,407.62	22,513,810.61
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<b>TOTAL ASSETS</b>	<b>\$6,702,277,694.72</b>	<b>\$7,034,923,638.81</b>	<b>\$7,056,751,590.35</b>
	=====	=====	=====
LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$8,256,933.50	\$4,327,253.26	\$7,290,591.80
Other	2,492,156.41	142,314.95	108,544.25
Check Clearing Accounts	2,333.54	4,526.35	475.00
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	10,751,423.45	4,474,094.56	7,399,611.05
Provision for CU Losses (Reserves)	72,976,100.10	71,379,102.11	70,229,369.28
Lease Liabilities	105,868.36	806,272.32	806,605.37
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<b>TOTAL LIABILITIES</b>	<b>\$83,833,391.91</b>	<b>\$76,659,468.99</b>	<b>\$78,435,585.70</b>
	=====	=====	=====
EQUITY			
CU Contributed Capital	\$5,128,031,274.91	\$5,305,456,331.08	\$5,306,285,826.43
Retained Earnings	1,490,413,027.90	1,652,807,838.74	1,672,030,178.22
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<b>TOTAL EQUITY</b>	<b>\$6,618,444,302.81</b>	<b>\$6,958,264,169.82</b>	<b>\$6,978,316,004.65</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$6,702,277,694.72</b>	<b>\$7,034,923,638.81</b>	<b>\$7,056,751,590.35</b>
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS  
for Period Ending December 31, 2006

	DEC 05	NOV 06	DEC 06
1. Investments/Total Assets	98.58%	98.55%	98.36%
2. Total Equity/Insured Shares	1.28%	1.31%	1.31%
3. Prov. for Losses/CU Capital	1.42%	1.35%	1.32%
4. Non-Earning/Total Assets	1.07%	0.91%	1.11%
5. Available Asset Ratio	1.25%	1.29%	1.28%

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE  
FOR THE PERIOD ENDING DECEMBER 31, 2006

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2006	CY TO DATE BUDGETED 2006	CY TO DATE 2005
Investment Income	25,926,150.02	20,000,000.00	264,895,305.96	248,000,000.00	175,016,560.50
Other Income	148,850.91	70,000.00	1,325,728.32	840,000.00	645,189.05
Total Income	26,075,000.93	20,070,000.00	266,221,034.28	248,840,000.00	175,661,749.55
EXPENSE					
Employee Pay	3,604,816.84	4,072,146.98	48,647,010.21	50,419,467.83	47,285,945.02
Employee Benefits	1,233,595.65	1,104,438.19	13,310,750.03	13,655,608.67	12,453,143.40
Employee Travel	832,582.91	653,807.06	7,401,209.60	8,246,022.08	6,742,694.35
Rent/Communications/Utilities	179,494.25	189,990.67	2,112,465.74	2,279,888.00	2,238,657.75
Administrative Costs	389,390.14	557,187.26	5,325,695.68	6,686,247.17	6,420,746.29
Contracted Services	645,708.59	421,880.23	3,844,452.12	5,062,562.73	3,690,853.08
Subtotal NCUA Operating Exp.	6,885,588.38	6,999,450.40	80,641,583.38	86,349,796.49	78,832,039.89
AMAC Expense	0.00	1,000.00	2,714.87	12,000.00	0.00
Training Expense	73,678.97	100,000.00	938,006.63	1,200,000.00	1,137,144.96
Leasing Expense	28,643.72	32,000.00	418,442.94	384,000.00	416,694.00
Other Insurance Expense	2,635.38	5,000.00	54,850.77	60,000.00	86,788.19
Total Operating Exp.	6,990,546.45	7,137,450.40	82,055,598.59	88,005,796.49	80,472,667.04
Insurance Loss	(137,885.00)	2,000,000.00	2,548,285.37	24,000,000.00	20,940,312.16
Total Expense	6,852,661.45	9,137,450.40	84,603,883.96	112,005,796.49	101,412,979.20
NET INCOME	19,222,339.48	10,932,549.60	181,617,150.32	136,834,203.51	74,248,770.35
Retained Earnings, Beginning of Year			1,490,413,027.90		1,416,164,257.55
Prior Year Adjustment			0.00		0.00
As Restated			1,490,413,027.90		1,416,164,257.55
Net Income			181,617,150.32		74,248,770.35
Dividends			1,672,030,178.22		1,490,413,027.90
Retained Earnings, Year To Date			\$1,672,030,178.22		\$1,490,413,027.90

Comparative Analysis of NCUSIF Ratios for December 31, 2006

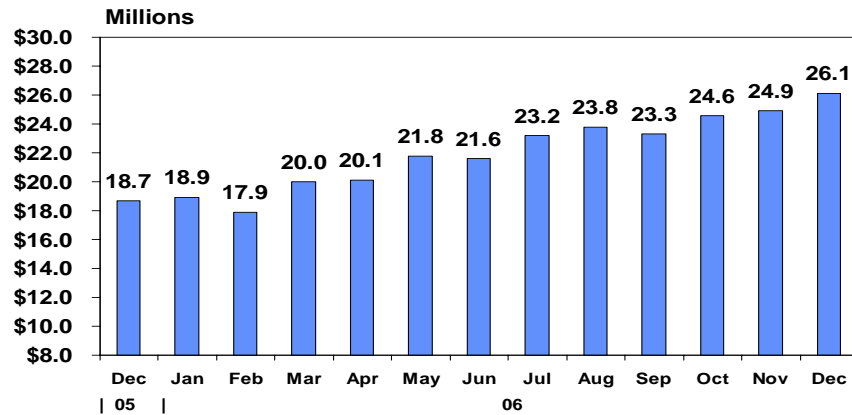
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	26.72%	26.81%	45.81%	30.82%
2. Ins. Loss/Total Income	1.41%	-0.53%	11.92%	0.96%
3. Total Exp./Total Income	28.13%	26.28%	57.73%	31.78%
4. Net Income/Total Income	71.87%	73.72%	42.27%	68.22%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.00%

**TABLE 3 - STATEMENT OF CASH FLOWS**  
**December 31, 2006**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$255,627,237.71
Other income received	1,325,728.32
Advances to credit unions (FCU Act §208)	(15,000,000.00)
Cash paid for operating expenses	(84,137,037.97)
Net cash (paid) received for insurance losses	<u>(3,134,698.49)</u>
Net cash provided by operating activities	154,681,229.57
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(335,887,550.33)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>1,261,739.08</u>
Net cash provided by (used in) investing activities	(334,625,811.25)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	179,944,687.26
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	179,944,687.26
NET INCREASE (DECREASE) IN CASH	105.58
CASH, BEGINNING OF YEAR	5,508.02
CASH, ENDING DECEMBER 31, 2006	<u><u>\$5,613.60</u></u>

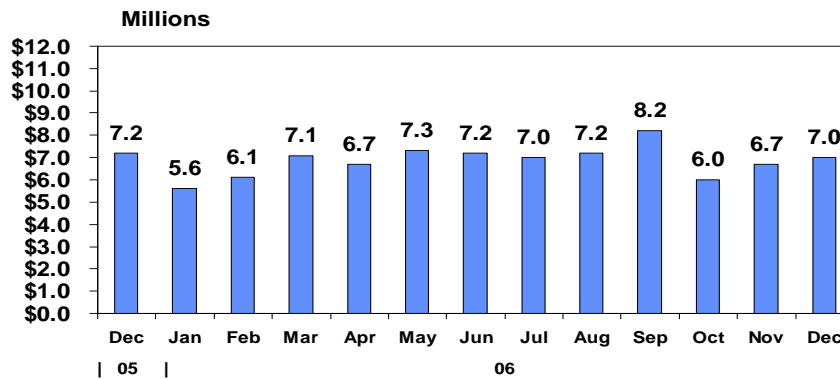
# GROSS INCOME

Dec 05 – Dec 06



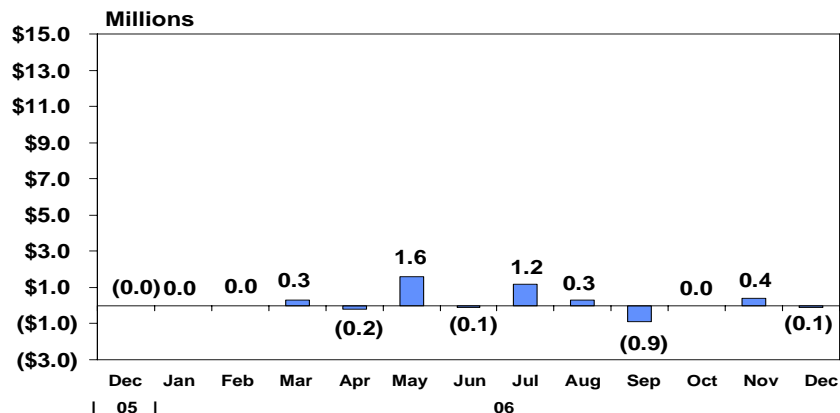
# OPERATING EXPENSE

Dec 05 – Dec 06



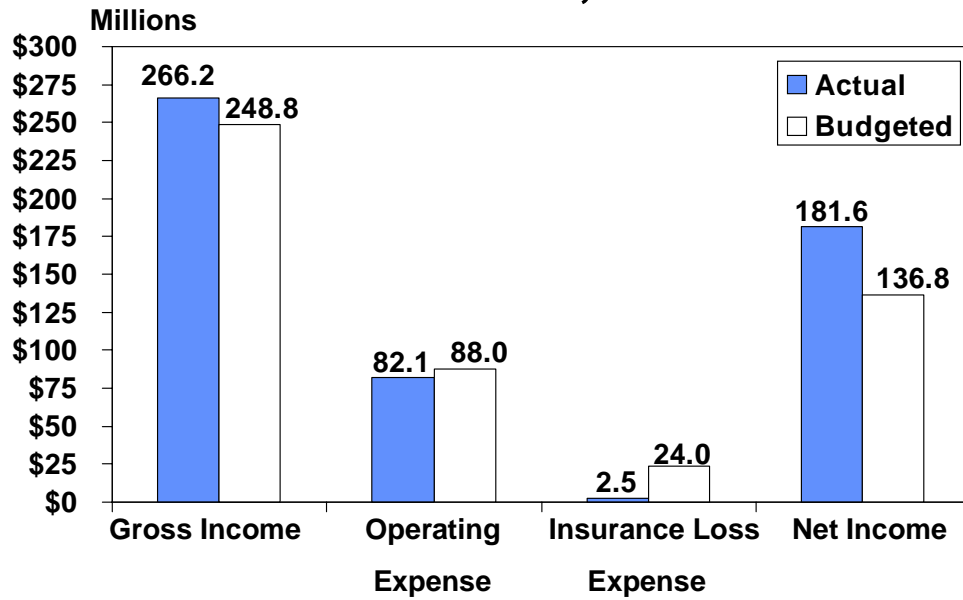
# INSURANCE LOSS EXPENSE

Dec 05 – Dec 06



# REVENUE AND EXPENSE

December 31, 2006



# NCUSIF EQUITY RATIO

December 31, 2006

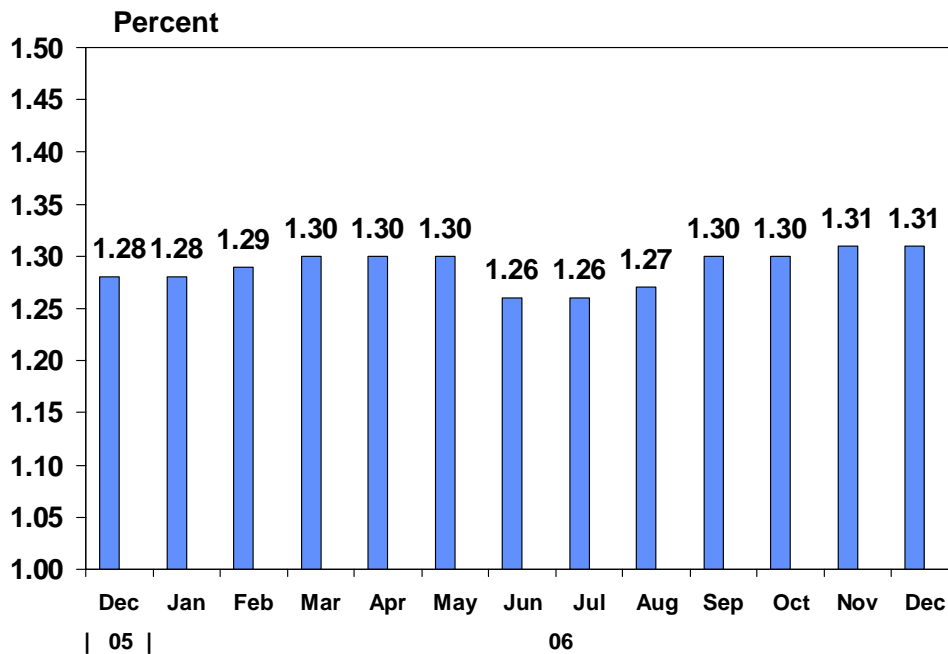


TABLE 4

**INVESTMENT PORTFOLIO SUMMARY**

**December 31, 2006**

<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	\$1,683,456,000	\$1,683,456,000	\$0	100.0%	5.24%
U.S. Treasury Notes	\$5,257,215,927	\$5,232,187,500	(\$25,028,427)	99.5%	4.13%
<b>TOTAL</b>	<b>\$6,940,671,927</b>	<b>\$6,915,643,500</b>	<b>(\$25,028,427)</b>	<b>99.6%</b>	<b>4.40%</b>

<b>II. INVESTMENT PORTFOLIO PERFORMANCE</b>				
	Last Month	Current Month	CY To Date	CY06 Projections
Investment Yield	4.29%	4.34%	3.88%	4.00%
Investment Income	\$24,767,250	\$25,926,150	\$264,895,306	248 Million
Income Budgeted	\$20,000,000	\$20,000,000	\$248,000,000	248 Million
Income/Budgeted Ratio	123.8%	129.6%	106.8%	100.00%
Weighted Avg. Maturity in Days	553	529		

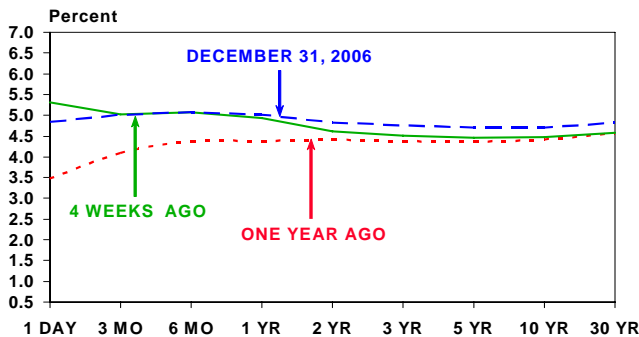
  

<b>III. MONTHLY ACTIVITY</b>				
Purchase	Type	Amount	Maturity	Yield
<b>TOTAL</b>		<b>\$0</b>		

<b>IV. MATURITY SCHEDULE (par value in millions)</b>	
3 months or less	2,283.5
3 months - 1 year	1,100.0
1 year - 2 years	1,600.0
2 years - 3 years	800.0
3 years - 4 years	400.0
4 years - 5 years	800.0
<b>TOTAL</b>	<b>\$6,983.5</b>

**TREASURY YIELD CURVE**



**MATURITY SCHEDULE**

**December 31, 2006**

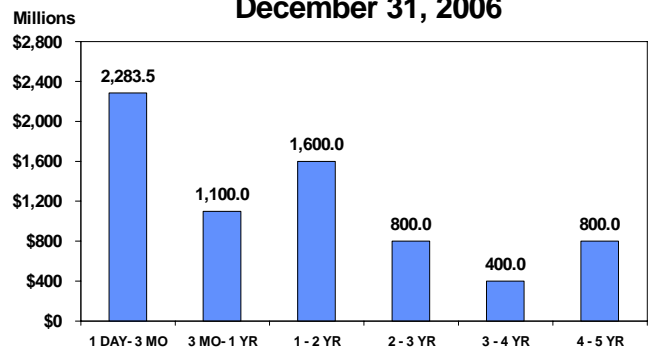




TABLE 5

MONTHLY YIELD COMPARISONS

December 31, 2006

YIELD COMPARISONS								
	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
NCUSIF Yield	3.77%	3.86%	4.00%	4.07%	4.13%	4.19%	4.29%	4.34%
90 day T-Bill	4.84%	5.02%	5.10%	5.03%	4.89%	5.07%	5.02%	5.01%
1 year T-Bill	5.06%	5.23%	5.10%	4.99%	4.90%	4.97%	4.93%	5.00%
2 year T-Note	5.05%	5.17%	4.97%	4.78%	4.70%	4.69%	4.62%	4.81%
30 year T-Note	5.24%	5.21%	5.08%	4.88%	4.78%	4.72%	4.57%	4.81%

**YIELD COMPARISONS**  
December 31, 2006

