

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 SEPTEMBER 30, 2007

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS
September 30, 2007

Balance Sheet:

Investments — net decrease of approximately \$21.1 million is mainly due to a combination of \$23.3 million refunded to CUs, \$7.0 million expended for operating costs, \$4.7 million earned in overnight interest, and \$2.8 million collected from CUs for NCUSIF invoices.

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 \$250.3 million represents the outstanding balance that is due on October 23, 2007.

Interest Receivable — increased to \$68.5 million due to \$19.6 million in accrued interest earned in September.

Prepaid & Deferred Charges — is \$0 for September. \$7.0 million was transferred to the operating fund to cover 53.3% of the agency's operating costs. September's actual operating costs were \$8.0 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.

Accounts Payable: Other — consists primarily of amounts due to the operating fund for additional operating costs incurred in September.

Provision for Credit Union Losses (Reserves) — of \$93.0 million includes additional reserves of \$1.7 million for September 2007.

NCUSIF Equity — increased to 1.31% for September primarily due to an increase in contributed capital. 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 \$337.5 thousand less than the previous month due to one less calendar day in September for which interest was accrued, offset by additional interest earned on \$450 million in treasury notes that matured in August and reinvested in overnight securities at higher rates.

NCUSIF Total Operating Expense — of \$8.3 million includes \$275 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 \$1.7 million for September. This increase is for new reserves for specific problem credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
SEPTEMBER 30, 2007

ASSETS	SEPTEMBER 2006	AUGUST 2007	SEPTEMBER 2007
Investments:			
U.S. Government Securities	\$6,714,202,424.82	\$7,117,976,481.25	\$7,096,857,728.22
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits & Loans	15,000,000.00	0.00	0.00
	-----	-----	-----
Total Advances to Credit Unions	15,000,000.00	0.00	0.00
Other Receivables:			
Due from Credit Unions	179,292,402.01	16,746.32	250,254,200.91
Loans due to NCUSIF	0.00	0.00	0.00
Recoveries from Liq. CU	11,955,574.64	10,635,065.42	10,746,621.34
	-----	-----	-----
Total Other Receivables	191,247,976.65	10,651,811.74	261,000,822.25
Cash	14,746.39	5,703.33	5,870.59
Interest Receivable	55,131,497.37	48,923,153.90	68,514,186.29
Prepaid & Deferred Charges	0.00	588,568.77	0.00
Leased Assets	846,579.05	496,447.69	483,495.65
Other	22,796,534.89	21,535,415.80	21,459,554.45
	-----	-----	-----
TOTAL ASSETS	\$6,999,239,759.17	\$7,200,177,582.48	\$7,448,321,657.45
	=====	=====	=====
LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$4,463,243.44	\$4,322,457.59	\$4,407,659.50
Other	1,124,162.55	62,545.74	1,071,365.84
Check Clearing Accounts	89,765.58	2,964.52	2,972.91
	-----	-----	-----
Total Current Liabilities	\$5,677,171.57	4,387,967.85	5,481,998.25
Provision for CU Losses (Reserves)	\$70,892,936.80	91,015,269.67	93,031,949.95
Lease Liabilities	\$895,676.33	528,514.98	529,899.82
	-----	-----	-----
TOTAL LIABILITIES	77,465,784.70	\$95,931,752.50	\$99,043,848.02
EQUITY			
CU Contributed Capital	\$5,305,530,486.17	\$5,346,486,506.10	\$5,574,739,703.87
Retained Earnings	\$1,616,243,488.30	1,757,759,323.88	1,774,538,105.56
	-----	-----	-----
TOTAL EQUITY	\$6,921,773,974.47	\$7,104,245,829.98	\$7,349,277,809.43
TOTAL LIABILITIES & EQUITY	\$6,999,239,759.17	\$7,200,177,582.48	\$7,448,321,657.45
	=====	=====	=====

COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending September 30, 2007

	SEP 06	AUG 07	SEP 07
1. Investments/Total Assets	95.93%	98.86%	95.28%
2. Total Equity/Insured Shares	1.30%	1.27%	1.31%
3. Prov. for Losses/CU Capital	1.34%	1.70%	1.67%
4. Non-Earning/Total Assets	3.53%	0.84%	4.43%
5. Available Asset Ratio	1.24%	1.26%	1.26%

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING SEPTEMBER 30, 2007

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2007	CY TO DATE BUDGETED 2007	CY TO DATE 2006
Investment Income	\$26,641,918.71	\$26,000,000.00	\$238,283,802.64	\$234,000,000.00	\$189,717,843.44
Other Income	87,406.71	80,000.00	\$816,341.83	720,000.00	881,527.29
	-----	-----	-----	-----	-----
Total Income	26,729,325.42	26,080,000.00	239,100,144.47	234,720,000.00	190,599,370.73
EXPENSE					
Employee Pay	3,936,398.61	3,647,333.63	35,176,093.59	35,569,402.44	\$36,833,857.04
Employee Benefits	1,042,043.77	996,860.50	9,380,181.83	9,685,747.63	9,996,096.89
Employee Travel	1,360,075.38	606,907.52	5,744,054.92	5,462,167.65	5,742,420.78
Rent/Communications/Utilities	506,560.95	176,501.04	1,663,704.64	1,588,509.38	1,682,879.15
Administrative Costs	705,027.50	532,516.23	3,738,357.41	4,792,646.06	4,155,898.37
Contracted Services	453,392.59	388,598.67	2,595,061.43	3,497,388.01	2,901,900.03
	-----	-----	-----	-----	-----
Subtotal NCUA Operating Exp.	8,003,498.80	6,348,717.59	58,297,453.82	60,595,861.17	61,313,052.26
AMAC Expense	89,498.23	1,000.00	259,801.51	9,000.00	2,714.87
Training Expense	166,472.97	100,000.00	790,660.60	900,000.00	735,481.73
Leasing Expense	14,336.88	30,675.00	271,734.09	276,075.00	332,634.26
Other Insurance Expense	4,582.86	5,000.00	26,343.09	45,000.00	50,632.34
	-----	-----	-----	-----	-----
Total Operating Exp.	8,278,389.74	6,485,392.59	59,645,993.11	61,825,936.17	62,434,515.46
Insurance Loss	1,672,154.00	2,000,000.00	25,415,921.15	18,000,000.00	2,334,394.87
	-----	-----	-----	-----	-----
Total Expense	\$9,950,543.74	\$8,485,392.59	\$85,061,914.26	\$79,825,936.17	\$64,768,910.33
	-----	-----	-----	-----	-----
NET INCOME	<u>\$16,778,781.68</u>	<u>\$17,594,607.41</u>	<u>\$154,038,230.21</u>	<u>\$154,894,063.83</u>	<u>\$125,830,460.40</u>
	=====	=====	=====	=====	=====
Retained Earnings, Beginning of Year			\$1,672,030,178.22		\$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			154,038,230.21		125,830,460.40
			-----		-----
Dividends			1,826,068,408.43		1,616,243,488.30
			51,530,302.87		0.00
			-----		-----
Retained Earnings, Year To Date			\$1,774,538,105.56		\$1,616,243,488.30
			=====		=====

Comparative Analysis of NCUSIF Ratios for September 30, 2007

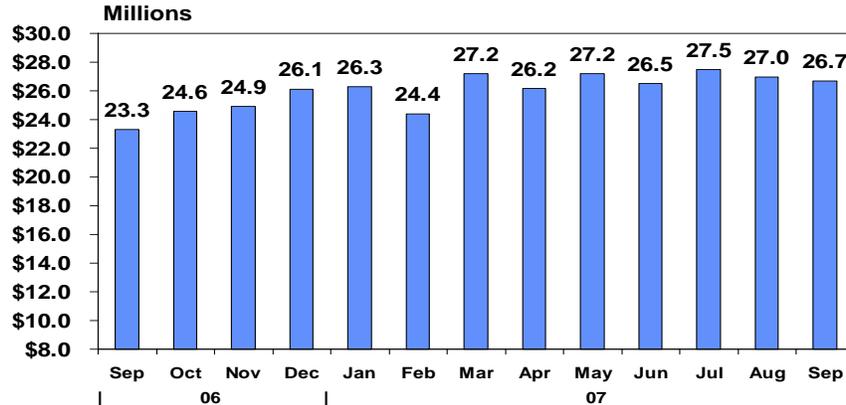
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	24.75%	30.97%	32.76%	24.95%
2. Ins. Loss/Total Income	0.93%	6.26%	1.22%	10.63%
3. Total Exp./Total Income	25.68%	37.23%	33.98%	35.58%
4. Net Income/Total Income	74.32%	62.77%	66.02%	64.42%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.01%

TABLE 3 - STATEMENT OF CASH FLOWS
September 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$ 255,899,244.97
Other income received	816,341.83
Repayment of advances to credit unions (FCU Act §208)	15,000,000.00
Cash paid for operating expenses	(58,295,427.90)
Net cash (paid) received for insurance losses	<u>(1,781,300.15)</u>
Net cash provided by operating activities	<u>211,638,858.75</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(179,092,912.55)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>1,054,256.16</u>
Net cash provided by (used in) investing activities	<u>(178,038,656.39)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions (distributions) from insured credit unions Cont Cap acct	18,245,887.44
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>(33,599,945.37)</u>
NET INCREASE (DECREASE) IN CASH	256.99
CASH, BEGINNING OF YEAR	<u>5,613.60</u>
CASH, ENDING SEPTEMBER 30, 2007	<u>\$ 5,870.59</u>

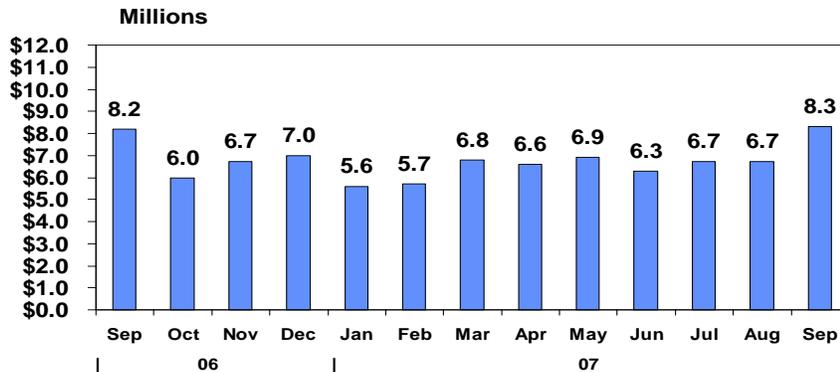
GROSS INCOME

September 06 – September 07



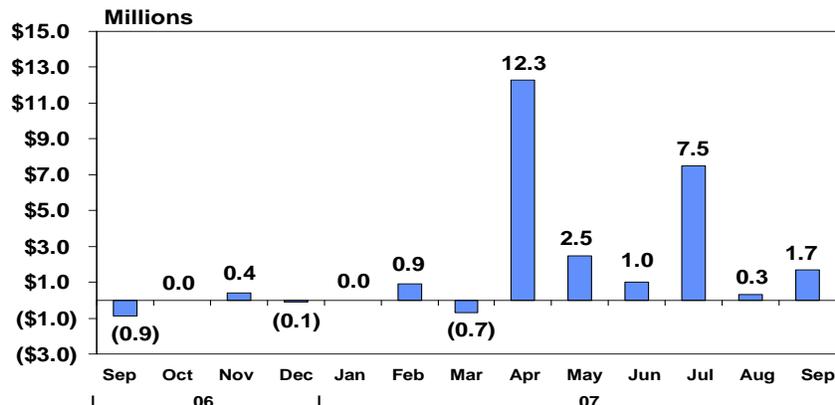
OPERATING EXPENSE

September 06 – September 07



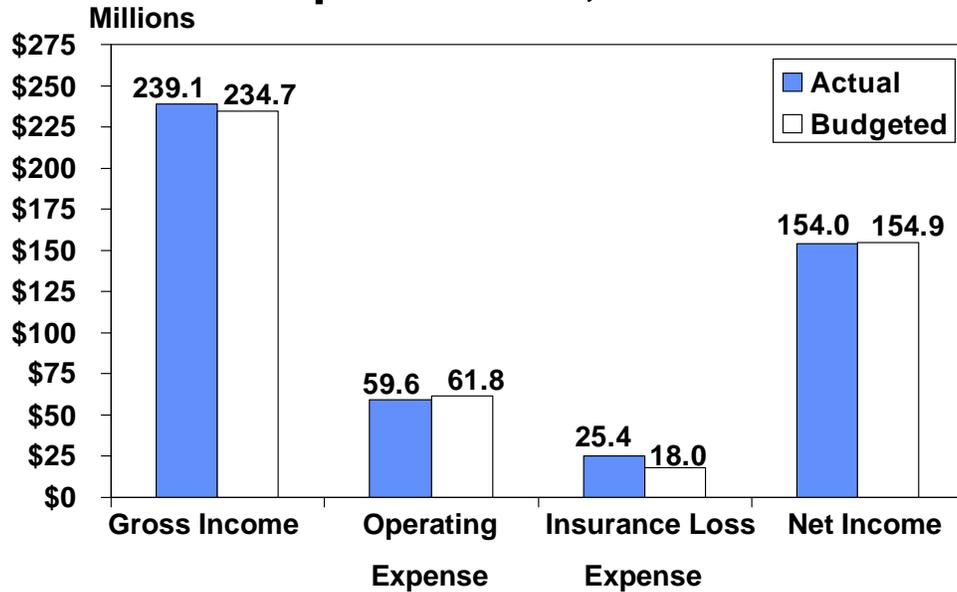
INSURANCE LOSS EXPENSE

September 06 – September 07



REVENUE AND EXPENSE

September 30, 2007



NCUSIF EQUITY RATIO

September 30, 2007

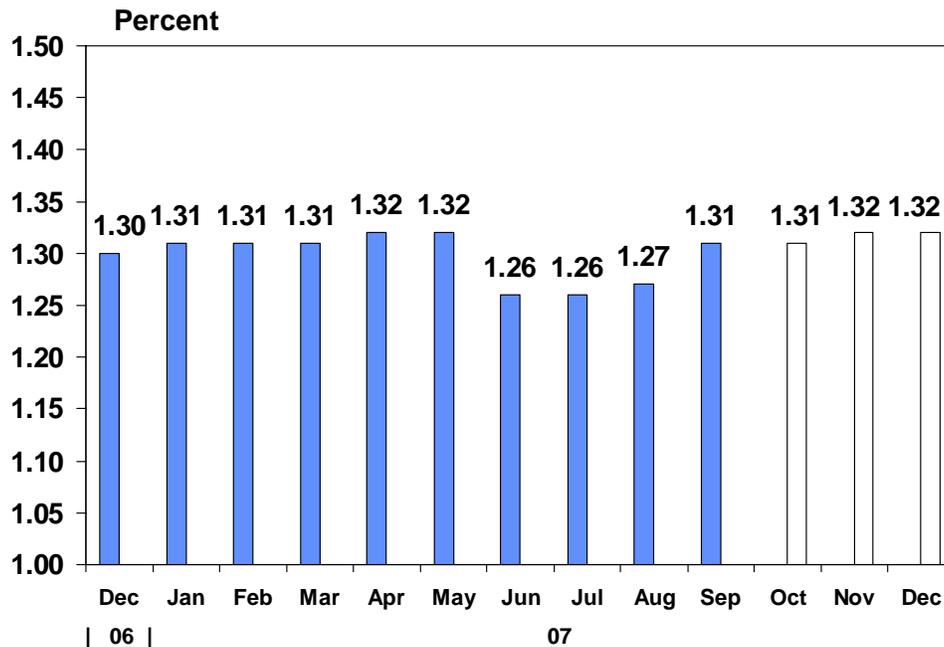


TABLE 4

INVESTMENT PORTFOLIO SUMMARY

September 30, 2007

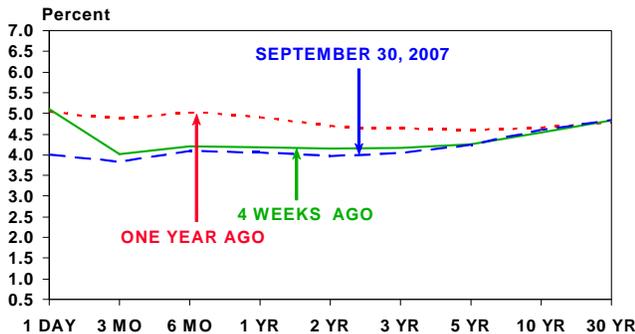
I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	Gain or (Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$1,137,490,000	\$1,137,490,000	\$0	100.00%	4.86%
U.S. Treasury Notes	\$5,959,367,728	\$6,018,750,000	\$59,382,272	101.00%	4.52%
TOTAL	\$7,096,857,728	\$7,156,240,000	\$59,382,272	100.84%	4.57%

II. INVESTMENT PORTFOLIO PERFORMANCE				
	Last Month	Current Month	CY To Date	CY07 Projections
	4.40%	4.50%	4.47%	4.50%
Investment Income	\$26,979,376	\$26,641,919	\$238,283,803	\$312 Million
Income Budgeted	\$26,000,000	\$26,000,000	\$234,000,000	\$312 Million
Income/Budgeted Ratio	103.8%	102.5%	101.8%	100.00%
Weighted Avg. Maturity in Days	640	617		

III. MONTHLY ACTIVITY				
Purchase	Type	Amount	Maturity	Yield
TOTAL		\$0		

IV. MATURITY SCHEDULE (par value in millions)	
3 months or less	1,587.5
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
TOTAL	\$7,137.5

TREASURY YIELD CURVE



MATURITY SCHEDULE

September 30, 2007

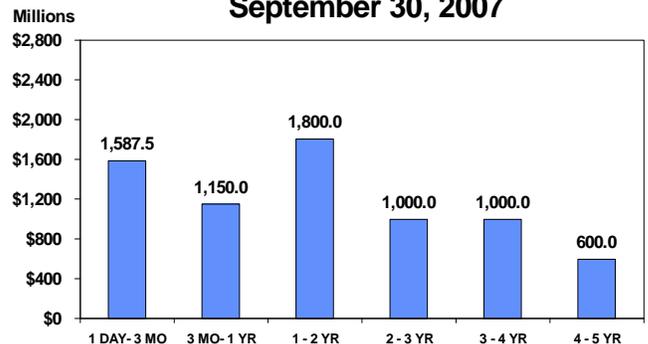


TABLE 5

MONTHLY YIELD COMPARISONS

September 30, 2007

YIELD COMPARISONS								
	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07
NCUSIF Yield	4.45%	4.52%	4.50%	4.48%	4.50%	4.49%	4.40%	4.50%
90 day T-Bill	5.16%	5.04%	4.91%	4.73%	4.82%	4.96%	4.01%	3.82%
1 year T-Bill	4.96%	4.90%	4.89%	4.95%	4.92%	4.85%	4.19%	4.05%
2 year T-Note	4.65%	4.58%	4.60%	4.92%	4.88%	4.56%	4.15%	3.97%
30 year T-Note	4.68%	4.84%	4.81%	5.01%	5.12%	4.92%	4.83%	4.83%

YIELD COMPARISONS
September 30, 2007

