

# **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 MAY 31, 2008**

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CHIEF FINANCIAL OFFICER**

**NCUSIF FINANCIAL HIGHLIGHTS**  
**MAY 31, 2008**

**Balance Sheet:**

Due from Credit Unions — includes an additional \$4.2 million that was re-invoiced to a credit union, based on a revised 5300 for December 31, 2007.

Prepaid & Deferred Charges — is \$0.7 million for May. \$7.0 million was transferred to the operating fund to cover 52.0% of the agency's operating costs. May's actual operating costs were \$6.3 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 \$323.3 million includes additional reserves of \$110.2 million for May 2008.

NCUSIF Equity — decreased to 1.29% for May. The equity ratio is based upon an adjusted insured share base of \$565.5 billion at December 31, 2007.

**Statement of Revenue and Expense:**

Investment Income — is approximately \$0.8 million more than the previous month due to one additional calendar day in May for which interest was accrued.

NCUSIF Total Operating Expense — of \$6.4 million includes \$119.6 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 \$110.2 million for May. \$79.6 million was expensed for specific case reserves and \$30.6 was expensed for non-specific reserves.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND  
BALANCE SHEET  
MAY 31, 2008

ASSETS	MAY 2007	APRIL 2008	MAY 2008
Investments:			
U.S. Government Securities	\$7,056,202,092.01	\$7,356,279,099.10	\$7,376,899,450.76
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits & Loans	0.00	100,000,000.00	100,000,000.00
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Total Advances to Credit Unions	0.00	100,000,000.00	100,000,000.00
Other Receivables:			
Due from Credit Unions	3,093,702.28	2,807,987.78	4,505,547.94
Loans due to NCUSIF	0.00	0.00	0.00
Recoveries from Liq. CU	11,932,050.16	73,766,277.11	77,333,418.96
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Total Other Receivables	15,025,752.44	76,574,264.89	81,838,966.90
Cash	1,206,880.17	225,761.72	5,072.08
Interest Receivable	54,773,821.88	66,575,709.90	69,278,120.57
Prepaid & Deferred Charges	200,226.73	0.00	681,630.85
Leased Assets	577,396.34	295,433.83	268,139.60
Other	21,870,650.17	20,927,765.72	20,677,652.05
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<b>TOTAL ASSETS</b>	<b>\$7,149,856,819.74</b>	<b>\$7,620,878,035.16</b>	<b>\$7,649,649,032.81</b>
	=====	=====	=====
<b>LIABILITIES</b>			
Accounts Payable:			
Liquidation Claims	\$3,392,887.96	\$3,884,327.18	\$4,973,535.30
Other	657,009.40	325,871.83	4,395.70
Check Clearing Accounts	28,726.19	375,915.22	4,513.31
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Total Current Liabilities	4,078,623.55	4,586,114.23	4,982,444.31
Provision for CU Losses (Reserves)	84,854,811.61	209,971,860.11	323,307,708.04
Lease Liabilities	614,205.75	266,670.43	267,369.17
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<b>TOTAL LIABILITIES</b>	<b>89,547,640.91</b>	<b>214,824,644.77</b>	<b>328,557,521.52</b>
<b>EQUITY</b>			
CU Contributed Capital	5,355,118,533.13	5,651,969,216.56	5,658,901,460.99
Retained Earnings	1,705,190,645.70	1,754,084,173.83	1,662,190,050.30
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<b>TOTAL EQUITY</b>	<b>7,060,309,178.83</b>	<b>7,406,053,390.39</b>	<b>7,321,091,511.29</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$7,149,856,819.74</b>	<b>\$7,620,878,035.16</b>	<b>\$7,649,649,032.81</b>
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS  
for Period Ending May 31, 2008

	MAY 07	APR 08	MAY 08
1. Investments/Total Assets	98.69%	96.53%	96.43%
2. Total Equity/Insured Shares	1.32%	1.31%	1.29%
3. Prov. for Losses/CU Capital	1.58%	3.72%	5.71%
4. Non-Earning/Total Assets	1.00%	1.89%	1.99%
5. Available Asset Ratio	1.30%	1.30%	1.21%

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE  
FOR THE PERIOD ENDING MAY 31, 2008

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2008	CY TO DATE BUDGETED 2008	CY TO DATE 2007
Investment Income	\$24,601,685.72	\$24,700,000.00	\$124,539,983.37	\$123,500,000.00	\$130,816,579.53
Other Income	176,888.64	75,000.00	589,277.42	375,000.00	465,155.96
Total Income	<u>24,778,574.36</u>	<u>24,775,000.00</u>	<u>125,129,260.79</u>	<u>123,875,000.00</u>	<u>131,281,735.49</u>
EXPENSE					
Employee Pay	4,014,490.10	4,060,174.19	19,706,192.66	20,114,661.42	19,573,166.35
Employee Benefits	1,099,248.79	1,110,871.47	5,311,920.84	5,505,604.22	5,266,655.83
Employee Travel	404,250.26	668,035.49	2,956,656.26	3,340,177.43	2,448,727.51
Rent/Communications/Utilities	118,556.31	180,594.97	724,389.14	902,974.84	710,699.41
Administrative Costs	264,677.31	513,020.57	2,134,346.92	2,565,102.85	1,801,662.31
Contracted Services	417,146.38	380,493.12	1,318,967.28	1,902,465.63	1,231,052.07
Subtotal NCUA Operating Exp.	<u>6,318,369.15</u>	<u>6,913,189.81</u>	<u>32,152,473.10</u>	<u>34,330,986.39</u>	<u>31,031,963.48</u>
AMAC Expense	255.84	1,000.00	14,596.95	5,000.00	5,377.70
Training Expense	88,807.55	100,000.00	431,857.84	500,000.00	384,326.22
Leasing Expense	27,992.97	30,667.00	138,893.56	153,335.00	172,080.36
Other Insurance Expense	2,580.21	3,000.00	11,410.83	15,000.00	14,110.48
Total Operating Exp.	<u>6,438,005.72</u>	<u>7,047,856.81</u>	<u>32,749,232.28</u>	<u>35,004,321.39</u>	<u>31,607,858.24</u>
Insurance Loss	<u>110,234,692.17</u>	<u>4,500,000.00</u>	<u>106,403,435.60</u>	<u>22,500,000.00</u>	<u>14,983,106.90</u>
Total Expense	<u>116,672,697.89</u>	<u>11,547,856.81</u>	<u>139,152,667.88</u>	<u>57,504,321.39</u>	<u>46,590,965.14</u>
NET INCOME	<u>(\$91,894,123.53)</u>	<u>\$13,227,143.19</u>	<u>(\$14,023,407.09)</u>	<u>\$66,370,678.61</u>	<u>\$84,690,770.35</u>
Retained Earnings, Beginning of Year			<b>\$1,676,213,457.39</b>		\$1,672,030,178.22
Prior Year Adjustment			0.00		0.00
As Restated			1,676,213,457.39		1,672,030,178.22
Net Income			(14,023,407.09)		84,690,770.35
Dividends			1,662,190,050.30		1,756,720,948.57
			0.00		51,530,302.87
Retained Earnings, Year To Date			<u>\$1,662,190,050.30</u>		<u>\$1,705,190,645.70</u>

Comparative Analysis of NCUSIF Ratios for May 31, 2008

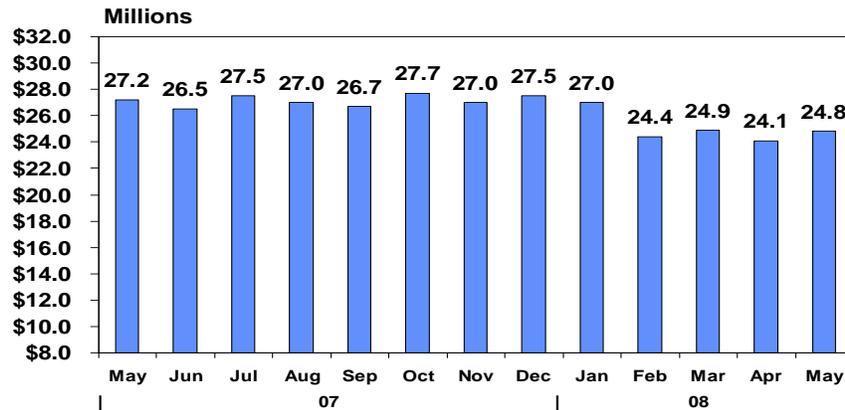
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	31.08%	25.98%	24.08%	26.17%
2. Ins. Loss/Total Income	0.00%	444.88%	11.41%	85.03%
3. Total Exp./Total Income	31.08%	470.86%	35.49%	111.21%
4. Net Income/Total Income	68.92%	-370.86%	64.51%	-11.21%
5. Ins. Loss/Insured Shares	0.00%	0.03%	0.00%	0.02%

**TABLE 3 - STATEMENT OF CASH FLOWS**  
**MAY 31, 2008**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$ 109,727,383.74
Other income received	589,277.42
Advances to credit unions (FCU Act §208)	(100,000,000.00)
Cash paid for operating expenses	(64,440,155.51)
Net cash (paid) received for insurance losses	<u>(10,243,991.82)</u>
Net cash provided by operating activities	<u>(64,367,486.17)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(5,565,633.00)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>442,114.40</u>
Net cash provided by (used in) investing activities	<u>(5,123,518.60)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions (distributions) from insured credit unions Cont Cap acct	69,293,317.86
Dividends to insured credit unions	-
Principal repayments under capital lease obligations	<u>(180,117.84)</u>
Net cash provided by financing activities	<u>69,113,200.02</u>
NET INCREASE (DECREASE) IN CASH	(377,804.75)
CASH, BEGINNING OF YEAR	<u>382,876.93</u>
CASH, ENDING MAY 31, 2008	<u>\$ 5,072.18</u>

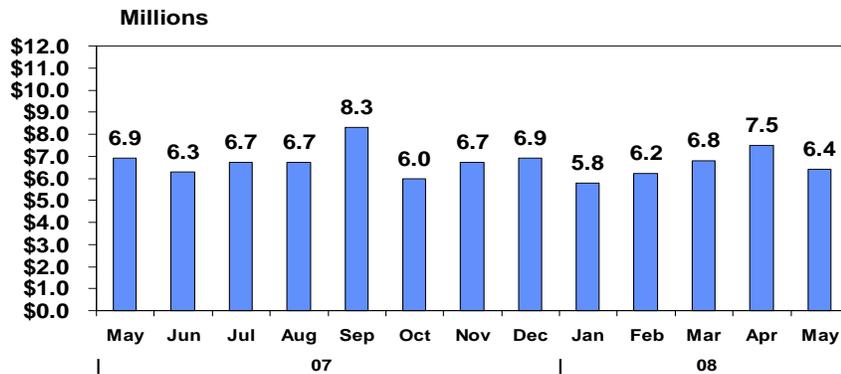
# GROSS INCOME

## MAY 07 – MAY 08



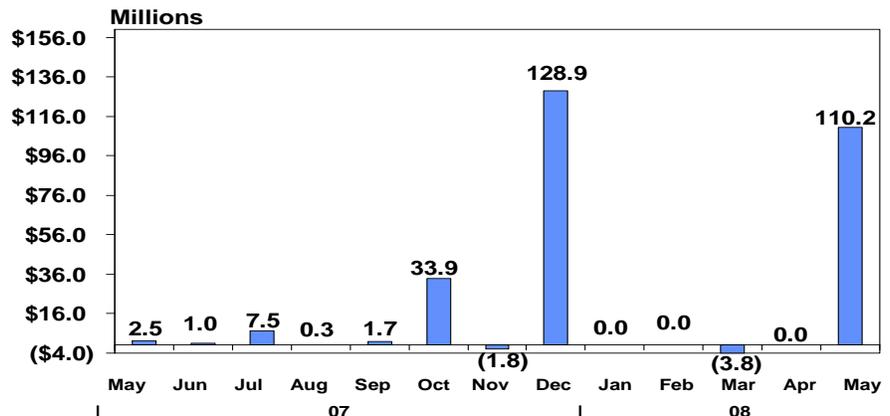
# OPERATING EXPENSE

## MAY 07 – MAY 08



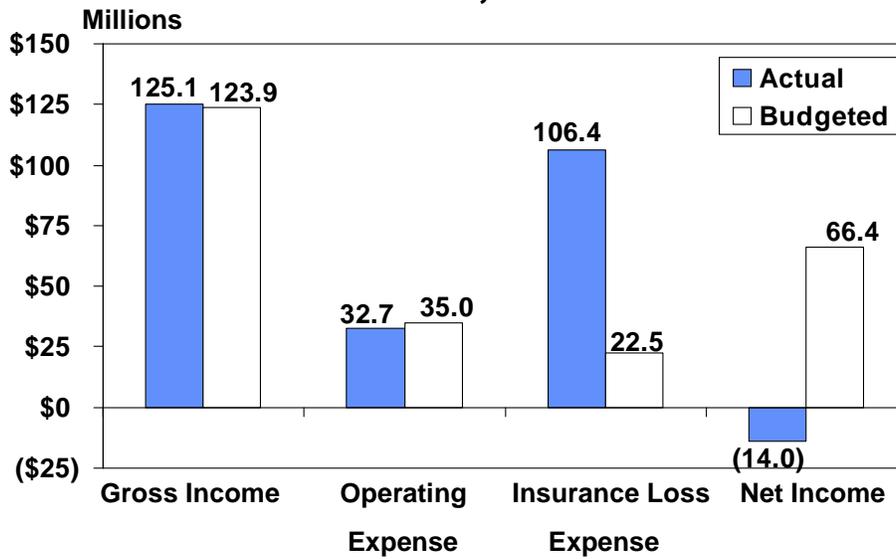
# INSURANCE LOSS EXPENSE

## MAY 07 – MAY 08



# REVENUE AND EXPENSE

## MAY 31, 2008



# NCUSIF EQUITY RATIO

## MAY 31, 2008

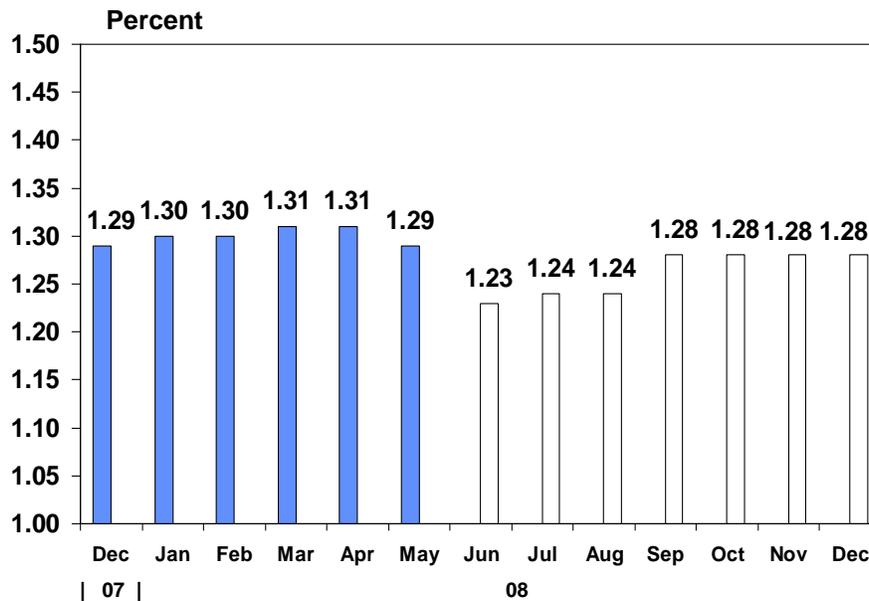
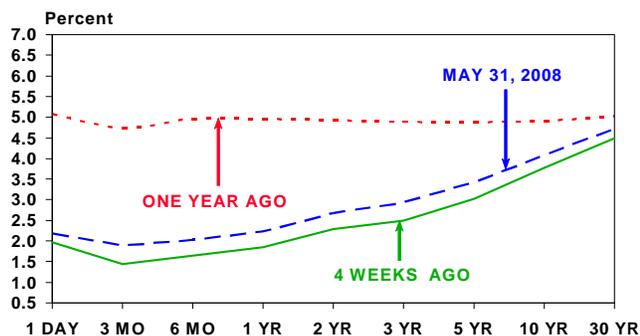


TABLE 4

INVESTMENT PORTFOLIO SUMMARYMAY 31, 2008

I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	Gain or (Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$340,616,000	\$340,616,000	\$0	100.00%	2.02%
U.S. Treasury Notes	7,036,283,451	7,166,062,500	129,779,049	101.84%	4.10%
<b>TOTAL</b>	<b>\$7,376,899,451</b>	<b>\$7,506,678,500</b>	<b>\$129,779,049</b>	<b>101.76%</b>	<b>3.93%</b>
II. INVESTMENT PORTFOLIO PERFORMANCE					
	Last Month	Current Month	CY To Date	CY08 Projections	
Investment Yield	3.99%	3.93%	4.07%	3.98%	
Investment Income	\$23,923,904	\$24,601,686	\$124,539,983	\$296,000,000	
Income Budgeted	\$24,700,000	\$24,700,000	\$123,500,000	\$296,000,000	
Income/Budgeted Ratio	96.9%	99.6%	100.8%	100.00%	
Weighted Avg. Maturity in Days	666	777			
III. MONTHLY ACTIVITY					
Purchase	Type	Amount	Maturity	Yield	
5/21/2008	Treasury Note	\$150,000,000	4/30/2012	2.89%	
5/21/2008	Treasury Note	350,000,000	4/30/2013	3.06%	
5/21/2008	Treasury Note	50,000,000	5/15/2018	3.82%	
<b>TOTAL</b>		<b>\$550,000,000</b>			
IV. MATURITY SCHEDULE (par value in millions)					
3 months or less	\$790.6				
3 months - 1 year	1,750.0				
1 year - 2 years	1,500.0				
2 years - 3 years	1,000.0				
3 years - 4 years	1,100.0				
4 years - 5 years	1,100.0				
5 years - 10 years	100.0				
<b>TOTAL</b>	<b>\$7,340.6</b>				

## TREASURY YIELD CURVE



## MATURITY SCHEDULE

MAY 31, 2008

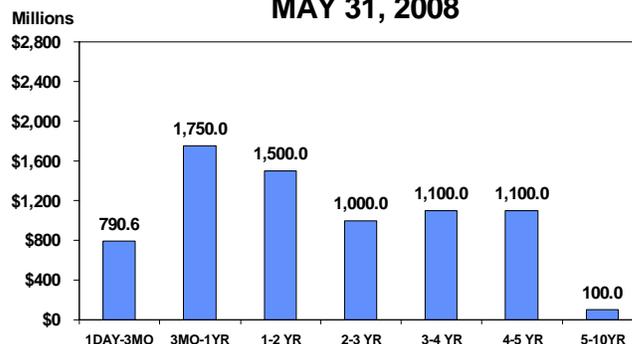


TABLE 5

**MONTHLY YIELD COMPARISONS**

**MAY 31, 2008**

YIELD COMPARISONS								
	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
NCUSIF Yield	4.47%	4.39%	4.36%	4.30%	4.10%	4.01%	3.99%	3.93%
90-day T-Bill	3.94%	3.15%	3.36%	1.96%	1.85%	1.38%	1.43%	1.89%
1-year T-Bill	4.04%	3.26%	3.34%	2.11%	1.77%	1.55%	1.85%	2.22%
2-year T-Note	3.94%	3.04%	3.05%	2.17%	1.65%	1.62%	2.23%	2.66%
30-year T-Note	4.74%	4.40%	4.45%	4.35%	4.41%	4.30%	4.49%	4.72%

**YIELD COMPARISONS  
MAY 31, 2008**

