

## Statement of Income

ACCT NO.		MONTH OF MAY	FROM 1 JAN 2007 TO PRESENT
	Income:		
411100	Interest on Consumer Loans – Closed-End	\$ 45,452,100	\$ 213,309,064
411200	Interest on NAVchek Loans	2,433,819	11,787,077
411210	Interest on Vehicle Leases	511,934	2,561,552
411300	Interest on Credit Card Loans	22,127,639	108,620,311
411400	Interest on Mortgage Loans	31,143,410	143,682,348
411500	Interest on Federal Education Loans	1,429,479	9,783,421
411600	Interest on Home Equity Loans	6,380,912	32,807,090
411650	Interest on Fixed Equity Loans	23,249,516	110,808,185
411700	Interest on Business Loans	209,637	810,191
412000	Income from Investments	20,075,086	91,219,825
413000	Late Charges	378,061	1,272,058
414000	Gain (Loss) on Eligible Obligation	1,407,214	4,639,004
414500	Gain (Loss) on Disposition of Leased Vehicles	(90,961)	(289,398)
415000	Origination Fees	2,401,623	8,561,629
415500	Servicing Fees	4,250,937	21,591,917
416000	Miscellaneous Operating Income	32,726,674	151,083,847
	<b>TOTAL GROSS INCOME</b>	<b>\$ 194,087,080</b>	<b>\$ 912,248,121</b>
	Expenses:		
521000	Compensation	\$ 25,511,337	\$ 134,436,146
522000	Employee Benefits (NOTE 2)	7,688,465	38,801,787
523000	Travel and Conference Expenses	740,215	2,237,003
524000	Association Dues	24,029	120,331
525000	Office Occupancy Expenses	3,669,103	17,993,251
526000	Office Operations Expenses	11,897,651	53,238,117
527000	Education and Marketing Expenses	3,558,843	7,315,303
528000	Loan Servicing Expenses	12,113,113	53,692,576
529000	Professional and Outside Services	3,995,597	18,731,823
530000	Provision for Loan Losses	21,238,682	85,795,286
530600	Provision for Investment Losses	-	-
530620	Amortization of Mort. Serv. Assets Expenses	-	-
530630	Impairment of Mort. Serv. Assets Expenses	-	-
530635	Fair Market Value Adj. of Mort. Serv. Assets Expenses	(3,088,039)	5,825,356
530640	Unrealized Losses on Mortgage Loans	421,635	109,089
530650	Unrealized Losses on Mort. Loan Commit/Trades	(376,463)	(720,301)
531000	Members' Insurance	(1,369,448)	771,667
532000	Federal Operating Fee	58,950	294,750
533000	Cash Short (Over)	(1,556)	22,523
534000	Interest Expenses	15,282,941	68,392,625
535000	Annual Meeting Expenses	1,950	30,756
537000	Miscellaneous Operating Expenses	2,159,917	11,378,366
	<b>TOTAL EXPENSES</b>	<b>\$ 103,526,922</b>	<b>\$ 498,466,454</b>
	Income from Operations	\$ 90,560,158	\$ 413,781,667
	Non-Operating Gains (Losses):		
642000	Gain (Loss) on Investments	-	\$ -
643000	Gain (Loss) on Disposition of Assets	(18,787)	(25,334)
	<b>TOTAL NON-OPERATING GAIN (LOSSES)</b>	<b>\$ (18,787)</b>	<b>\$ (25,334)</b>
	Income Before Dividends	\$ 90,541,371	\$ 413,756,333
538000	Dividends	64,949,663	292,413,108
	<b>NET INCOME</b>	<b>\$ 25,591,708</b>	<b>\$ 121,343,225</b>

### Notes to Financial Statements

- NOTE 1: COMMITMENTS: NAVchek, Credit Card, Home Equity Lines of Credit, Letters of Credit, Utility Guarantee, and Pre-approved Auto Loan Commitments as of 31 May 2007 were \$543,996,421, \$4,641,765,063, \$1,262,698,920, \$7,500,000, \$3,063,380, and \$269,730,080, respectively.
- NOTE 2: PENSION PLAN: Navy Federal has a non-contributory funded pension plan covering substantially all of its employees. Pension expenses through 31 May 2007 amounted to \$7,505,100.
- NOTE 3: The market value of securities held to maturity as of 31 May 2007 was \$2,933,650,029.
- NOTE 4: The U.S. Government obligations and federal agency securities collateralizing notes payable (reverse repurchase transactions) have a book and market value of \$1,435,944,272 and \$1,425,883,759, respectively.