

NATIONAL CREDIT UNION SHARE INSURANCE FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

September 30, 2018

A handwritten signature in blue ink, which appears to read "Rendell L. Jones". The signature is fluid and cursive, written in a professional style.

RENDELL L. JONES
CHIEF FINANCIAL OFFICER

NATIONAL CREDIT UNION SHARE INSURANCE FUND

MANAGEMENT OVERVIEW

September 30, 2018

Balance Sheet

Insurance and Guarantee Program Liabilities Reserves are \$156.2 million as of September 30, 2018; \$47.4 million is for specific reserves for natural person credit unions, and \$108.8 million is for general reserves.

There is no Insurance and Guarantee Program Liability for the Corporate System Resolution Program (CSRP) as of September 30, 2018.

Statement of Net Cost

For the month ended September 30, 2018, the fund had net income of \$74.9 million. The fund recognized gross revenues of \$22.5 million and total operating expenses of \$18.5 million. The fund recognized an insurance loss reduction of \$70.9 million during the month of September 2018.

NATIONAL CREDIT UNION SHARE INSURANCE FUND

BALANCE SHEETS

As of September 30, 2018 and 2017

(Dollars in thousands)

| | <u>September 2018</u> | <u>September 2017</u> |
|--|-----------------------|-----------------------|
| ASSETS | | |
| INTRAGOVERNMENTAL | | |
| Fund Balance with Treasury | \$ 4,896 | \$ 2,421 |
| Investments, Net U.S. Treasury Securities | 14,607,448 | 13,158,564 |
| Accrued Interest Receivable - Investments | 71,795 | 59,645 |
| Accounts Receivable - Due from the Temporary Corporate Credit Union Stabilization Fund | - | 38 |
| Note Receivable - Note due from the National Credit Union Administration Operating Fund | <u>6,705</u> | <u>8,046</u> |
| Total Intragovernmental Assets | <u>14,690,844</u> | <u>13,228,714</u> |
| PUBLIC | | |
| Accounts Receivable - Due from Credit Unions | 453,371 | 472,915 |
| Advances | 1,028 | - |
| Accounts Receivable - Guarantee Fee on NCUA Guarantee Notes | 1,024 | - |
| General Property, Plant and Equipment, Net | 162 | 720 |
| Other - Receivable from Asset Management Estates, Net - NPCU AMEs | 402,554 | 10,432 |
| Other - Receivable from Asset Management Estates, Net - Corporate AMEs | <u>283,226</u> | <u>-</u> |
| Total Public Assets | <u>1,141,365</u> | <u>484,067</u> |
| TOTAL ASSETS | <u>\$ 15,832,209</u> | <u>\$ 13,712,781</u> |
| LIABILITIES | | |
| INTRAGOVERNMENTAL | | |
| Accounts Payable - Due to the National Credit Union Administration Operating Fund | <u>\$ 2,765</u> | <u>\$ 1,001</u> |
| Total Intragovernmental Liabilities | <u>2,765</u> | <u>1,001</u> |
| PUBLIC | | |
| Accounts Payable and Other Liabilities | 190,454 | 6,637 |
| Dividends to Insured Credit Unions Payable | 6 | - |
| Capital Lease Liability | - | 40 |
| Other - Insurance and Guarantee Program Liabilities (Reserves) | 156,160 | 285,994 |
| Other - Insurance and Guarantee Program Liabilities (CSRP) | <u>-</u> | <u>-</u> |
| Total Public Liabilities | <u>346,620</u> | <u>292,671</u> |
| TOTAL LIABILITIES | <u>349,385</u> | <u>293,672</u> |
| NET POSITION | | |
| Contributed Capital | 11,311,142 | 10,762,727 |
| Cumulative Result of Operations | <u>4,171,682</u> | <u>2,656,382</u> |
| Total Net Position | <u>15,482,824</u> | <u>13,419,109</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 15,832,209</u> | <u>\$ 13,712,781</u> |

* Other-Receivable from Asset Management Estates, Nets are updated on the quarterly basis.

The balances in the statement above are preliminary and unaudited.

NATIONAL CREDIT UNION SHARE INSURANCE FUND
STATEMENTS OF NET COST, INCLUDING NON-EXCHANGE REVENUES
For the Periods Ending September 30, 2018 and 2017
(Dollars in thousands)

| | September 2018 | Year-to-Date September 2018 | Year-to-Date September 2017 |
|---|----------------|--------------------------------|--------------------------------|
| GROSS COSTS | | | |
| OPERATING EXPENSES ⁽¹⁾ | | | |
| Employee Pay | \$ 7,133 | \$ 69,957 | \$ 75,480 |
| Employee Benefits | 3,064 | 27,698 | 30,389 |
| Travel | 2,399 | 12,083 | 12,197 |
| Rent, Communications and Utilities | 576 | 2,791 | 2,817 |
| Administrative Costs | 1,101 | 7,323 | 5,925 |
| Contracted Services | 4,049 | 20,793 | 16,702 |
| Training Expense | 122 | 647 | 1,196 |
| Leasing Expense | 40 | 400 | 475 |
| Other Insurance Expense | 3 | 27 | 29 |
| Total Operating Costs | 18,487 | 141,719 | 145,210 |
| INSURANCE LOSS EXPENSE | (70,917) | (79,261) | 72,762 |
| Total Gross Costs | (52,430) | 62,458 | 217,972 |
| LESS EXCHANGE REVENUES | | | |
| Interest Revenue on Note Receivable due from the National Credit Union Administration Operating Fund | (10) | (92) | (98) |
| Guarantee Fee Revenue - NCUA Guaranteed Notes | (1,263) | (13,004) | - |
| Other Gains | 1,628 | 2,770 | - |
| Other (Revenue) / Expense | (37) | (978) | (288) |
| Total Exchange Revenues | 318 | (11,304) | (386) |
| TOTAL NET COST/(INCOME) OF OPERATIONS | (52,112) | 51,154 | 217,586 |
| LESS NON-EXCHANGE REVENUES | | | |
| Investment Income | (22,797) | (210,366) | (150,031) |
| Gain on Sales of Investments | - | - | (132) |
| Total Non-Exchange Revenues | (22,797) | (210,366) | (150,163) |
| TOTAL NET COST/(INCOME) INCLUDING NON-EXCHANGE REVENUES | \$ (74,909) | \$ (159,212) | \$ 67,423 |

⁽¹⁾ Share Insurance Fund operating expenses are an allocation of total NCUA operating expenses, as determined by the overhead transfer rate set by the Board of 61.5% and 67.7% for 2018 and 2017, respectively.

The balances in the statement above are preliminary and unaudited.

NATIONAL CREDIT UNION SHARE INSURANCE FUND

STATEMENTS OF NET POSITION

As of September 30, 2018 and 2017

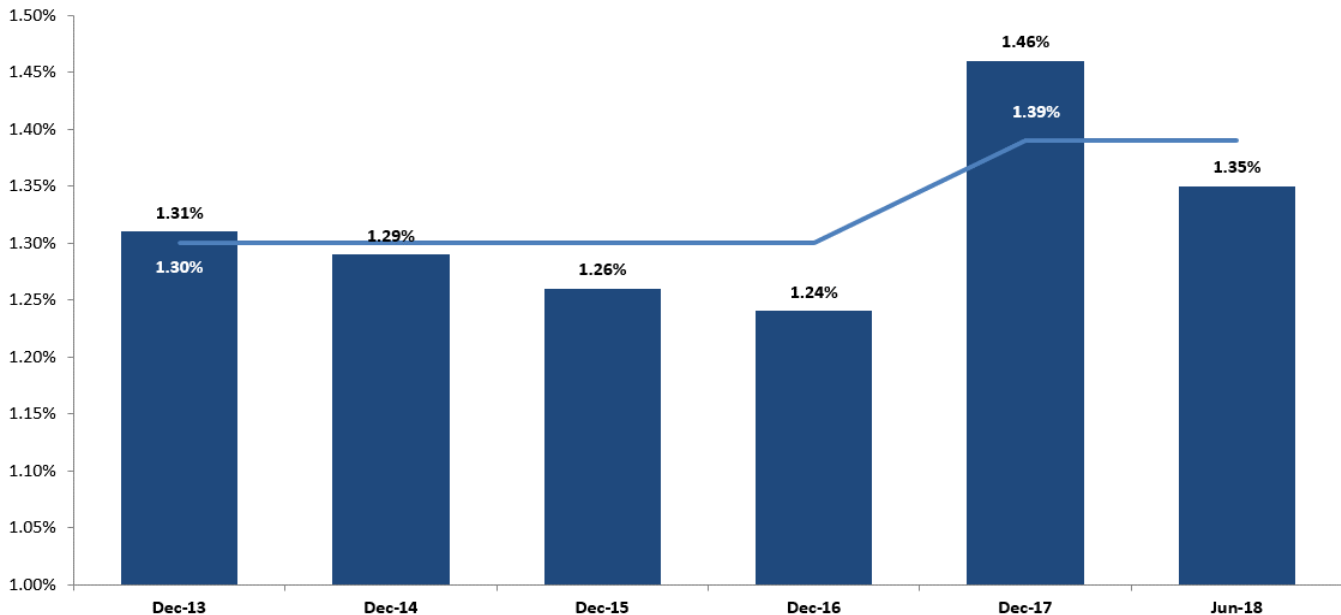
(Dollars in thousands)

| NET POSITION BREAKDOWN | September 2018 | September 2017 |
|---|-----------------------|-----------------------|
| Credit Union Contributed Capital | \$ 11,311,142 | \$ 10,762,727 |
| Retained Earnings* | 4,514,121 | 2,687,396 |
| Total Net Position without Unrealized Gain/(Loss) | 15,825,263 | 13,450,123 |
| Unrealized Gain/(Loss) - Investments | (342,439) | (31,014) |
| NET POSITION | \$ 15,482,824 | \$ 13,419,109 |

* In order to aid comparability between periods, the current period's Retained Earnings reflect a \$2.6 billion increase for the net assets transferred in from the Temporary Corporate Credit Union Stabilization Fund in October, 2017.

NCUSIF Equity Ratio

CY 2013 – CY 2018



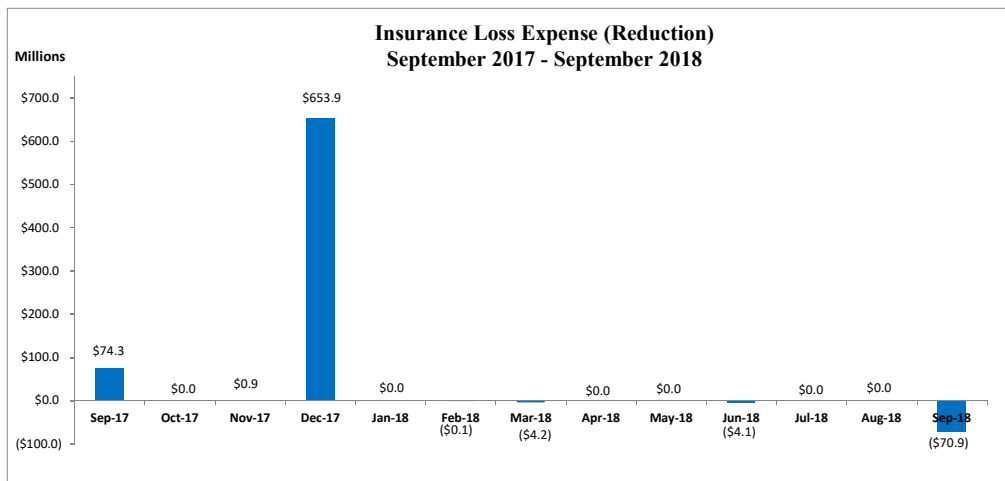
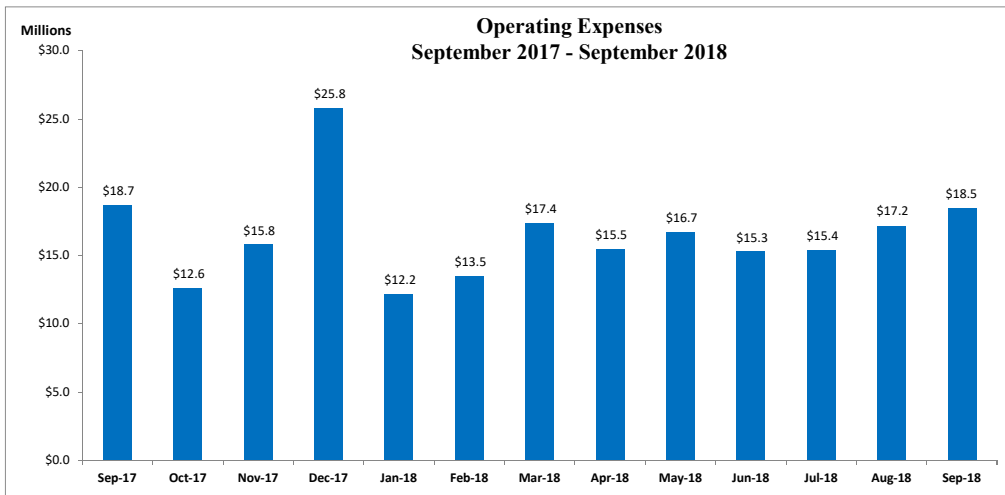
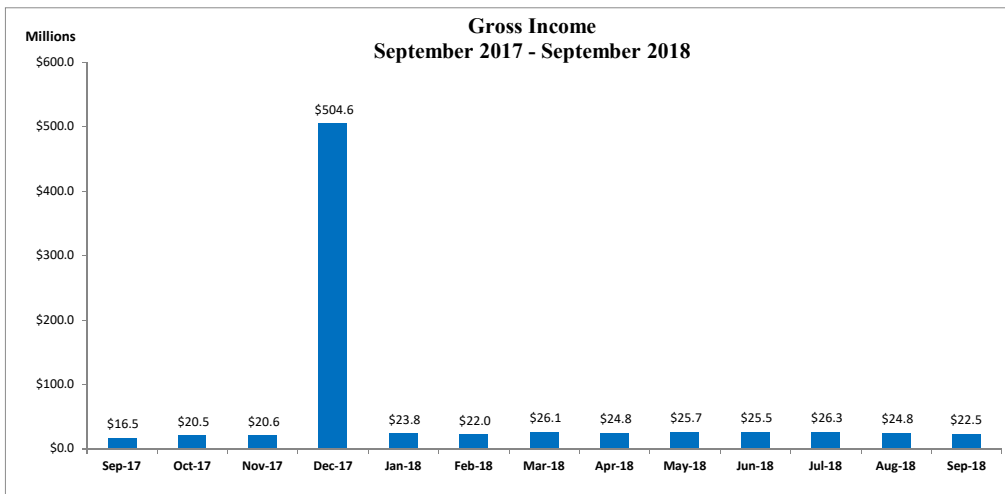
* The blue line represents the Normal Operating Level over the time period represented on the slide.

The balances in the statement above are preliminary and unaudited.

NATIONAL CREDIT UNION SHARE INSURANCE FUND

STATISTICAL INFORMATION

September 30, 2018



The information provided in the supporting statement above is preliminary and unaudited.

INVESTMENT PORTFOLIO SUMMARY

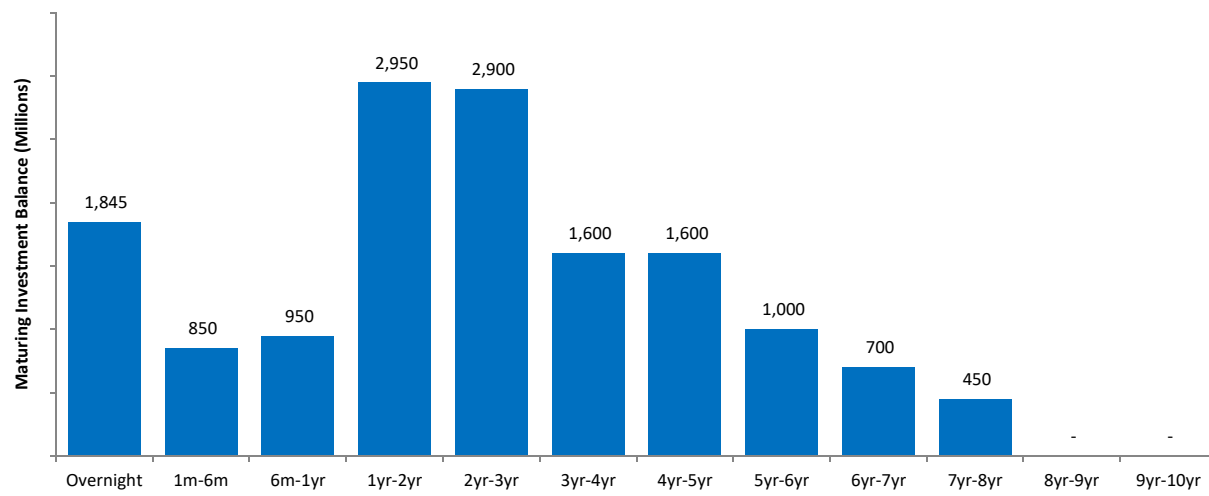
September 30, 2018

| I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE (In Dollars) | | | | | | |
|--|--------------------------|--------------------------|---------------------------|------------------------|------------------------|--|
| | Book Value | Market Value | Unrealized Gain or (Loss) | % Market to Book Value | Weighted Average Yield | |
| Daily Treasury Account | \$ 1,844,885,000 | \$ 1,844,885,000 | \$ - | 100.00% | 2.10% | |
| U.S. Treasury Notes | 13,102,230,530 | 12,762,562,500 | (339,668,030) | 97.41% | 1.84% | |
| Total | \$ 14,947,115,530 | \$ 14,607,447,500 | \$ (339,668,030) | 97.73% | 1.87% | |

| II. INVESTMENT PORTFOLIO SUMMARY | | | | |
|---|---------------|---------------|----------------|--|
| | Last Month | Current Month | CY To Date | |
| Investment Yield | 1.85% | 1.87% | 1.75% | |
| Investment Income | \$ 24,604,061 | \$ 22,796,983 | \$ 210,365,715 | |
| Weighted Avg. Maturity in Days | 955 | 931 | | |

| III. MONTHLY ACTIVITY | | | | |
|------------------------------|------|--------|----------|-------|
| Purchased | Type | Amount | Maturity | Yield |
| | | | | |
| TOTAL | | \$ - | | |

| IV. MATURITY SCHEDULE (par value in millions) | | |
|--|----|---------------|
| TOTAL | \$ | 14,845 |



The information provided in the portfolio summary above is preliminary and unaudited.