

NATIONAL CREDIT UNION SHARE INSURANCE FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

September 30, 2016

A handwritten signature in blue ink, which appears to read "Rendell L. Jones". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

**RENDELL L. JONES
CHIEF FINANCIAL OFFICER**

NATIONAL CREDIT UNION SHARE INSURANCE FUND

MANAGEMENT OVERVIEW

September 30, 2016

Balance Sheet

Other - Insurance and Guarantee Program Liabilities (Reserves)

Reserves are \$182.6 million as of September 30, 2016; \$4.1 million is for specific natural person credit unions, and \$178.5 million is for general reserves.

Statement of Net Cost

For the month ended September 30, 2016, the fund had net income of \$7.9 million. The fund recognized gross revenues of \$18.7 million and total operating expenses of \$22.5 million. The fund recognized an insurance loss reduction of \$11.7 million during the month of September 2016.

NATIONAL CREDIT UNION SHARE INSURANCE FUND

BALANCE SHEETS
As of September 30, 2016
(Dollars in thousands)

	<u>September 2016</u>	<u>September 2015</u>
ASSETS		
INTRAGOVERNMENTAL		
Fund Balance with Treasury	\$ 2,589	\$ 1,529
Investments, Net U.S. Treasury Securities	12,738,450	11,896,303
Accrued Interest Receivable - Investments	63,058	64,416
Accounts Receivable - Due from the National Credit Union Administration Operating Fund	4	133
Note Receivable - Note due from the National Credit Union Administration Operating Fund	<u>9,387</u>	<u>10,727</u>
Total Intragovernmental Assets	<u>12,813,488</u>	<u>11,973,108</u>
PUBLIC		
Accounts Receivable - Due from Credit Unions	384,748	317,573
Accrued Interest Receivable	195	283
Notes Receivable, Net	59,997	119,521
General Property, Plant and Equipment, Net	1,351	1,461
Other - Receivable from Asset Management Estates, Net	<u>62,872</u>	<u>66,370</u>
Total Public Assets	<u>509,163</u>	<u>505,208</u>
TOTAL ASSETS	<u>\$ 13,322,651</u>	<u>\$ 12,478,316</u>
LIABILITIES		
INTRAGOVERNMENTAL		
Accounts Payable - Due to the National Credit Union Administration Operating Fund	\$ 3,956	\$ 4,269
Accounts Payable - Due to the Temporary Corporate Credit Union Stabilization Fund	<u>-</u>	<u>-</u>
Total Intragovernmental Liabilities	<u>3,956</u>	<u>4,269</u>
PUBLIC		
Accounts Payable	7,865	6,609
Capital Lease Liability	200	357
Other - Insurance and Guarantee Program Liabilities (Reserves)	<u>182,635</u>	<u>169,483</u>
Total Public Liabilities	<u>190,700</u>	<u>176,449</u>
TOTAL LIABILITIES	<u>194,656</u>	<u>180,718</u>
NET POSITION		
Contributed Capital	9,989,941	9,353,455
Cumulative Result of Operations	<u>3,138,054</u>	<u>2,944,143</u>
Total Net Position	<u>13,127,995</u>	<u>12,297,598</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 13,322,651</u>	<u>\$ 12,478,316</u>

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, 2016
(Dollars in thousands)

	<u>September 2016</u>	<u>Year-to-Date September 2016</u>	<u>Year-to-Date September 2015</u>
GROSS COSTS			
OPERATING EXPENSES (1)			
Employee Pay	\$ 10,186	\$ 82,655	\$ 78,081
Employee Benefits	4,134	32,067	29,073
Travel	3,295	15,570	15,200
Rent, Communications and Utilities	628	2,781	2,212
Administrative Costs	1,460	7,189	7,544
Contracted Services	2,537	15,868	14,277
Training Expense	208	941	1,179
Leasing Expense	54	439	115
Other Insurance Expense	<u>3</u>	<u>32</u>	<u>29</u>
Total Operating Costs	<u>22,505</u>	<u>157,542</u>	<u>147,710</u>
INSURANCE LOSS EXPENSE	<u>(11,669)</u>	<u>(491)</u>	<u>(17,271)</u>
Total Gross Costs	<u>10,836</u>	<u>157,051</u>	<u>130,439</u>
LESS EXCHANGE REVENUES			
Interest Revenue on Note Receivable due from the National Credit Union Administration Operating Fund	(14)	(137)	(156)
Interest Revenue - Other	(195)	(1,870)	(2,768)
Other (Revenue) / Expense	<u>(27)</u>	<u>(196)</u>	<u>(1,243)</u>
Total Exchange Revenue	<u>(236)</u>	<u>(2,203)</u>	<u>(4,167)</u>
TOTAL NET COST/(INCOME) OF OPERATIONS	<u>10,600</u>	<u>154,848</u>	<u>126,272</u>
LESS NON-EXCHANGE REVENUES			
Investment Income	<u>(18,501)</u>	<u>(169,141)</u>	<u>(162,174)</u>
Total Non-Exchange Revenues	<u>(18,501)</u>	<u>(169,141)</u>	<u>(162,174)</u>
TOTAL NET COST/(INCOME) INCLUDING NON-EXCHANGE REVENUES	<u>\$ (7,901)</u>	<u>\$ (14,293)</u>	<u>\$ (35,902)</u>

(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 73.1% and 71.8% for 2016 and 2015, 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, 2016

(Dollars in thousands)

	<u>September 2016</u>	<u>September 2015</u>
NET POSITION BREAKDOWN		
Credit Union Contributed Capital	\$ 9,989,941	\$ 9,353,455
Retained Earnings	2,756,608	2,716,846
Total Net Position without Unrealized Gain/(Loss)	<u>12,746,549</u>	<u>12,070,301</u>
Unrealized Gain/(Loss) - Investments	<u>381,446</u>	<u>227,297</u>
NET POSITION	<u>\$ 13,127,995</u>	<u>\$ 12,297,598</u>

NATIONAL CREDIT UNION SHARE INSURANCE FUND

Comparative Analysis of NCUSIF Ratios for As of September 30, 2016

As of September 30, 2016

Comparative Analysis of NCUSIF Ratios for September 2016

	September 2016	September 2015
Investments/Total Assets	95.61%	95.34%
Total Equity/Insured Shares (1)	1.27%	1.29%
Available Assets Ratio	1.25%	1.25%
Ins. Loss Exp./Insured Shares	0.00%	0.00%

Insured Shares as of June 30, 2016 (in billions)	\$ 999.9
Insured Shares as of December 31, 2015 (in billions)	961.3
Insured Shares as of June 30, 2015 (in billions)	936.3

(1) The September 2016 ratios are based on an insured share level of \$999.9 billion as of June 30, 2016.

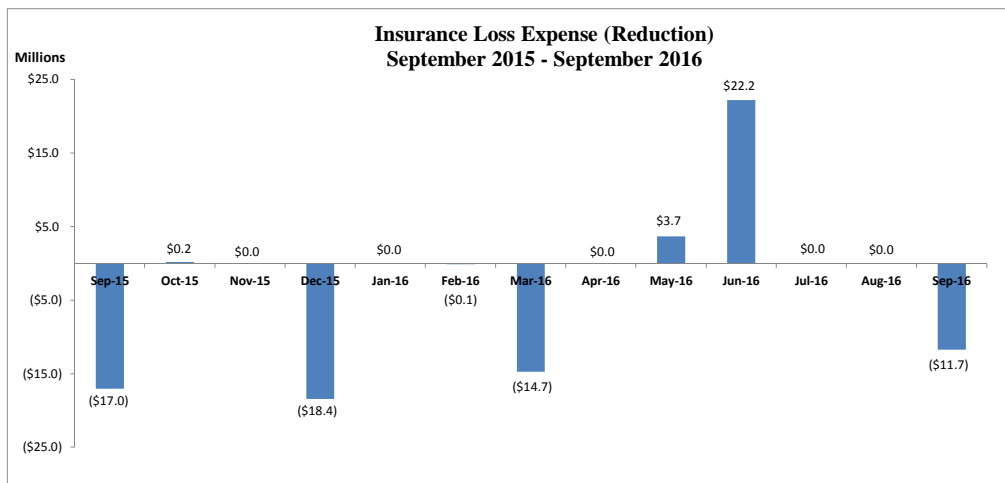
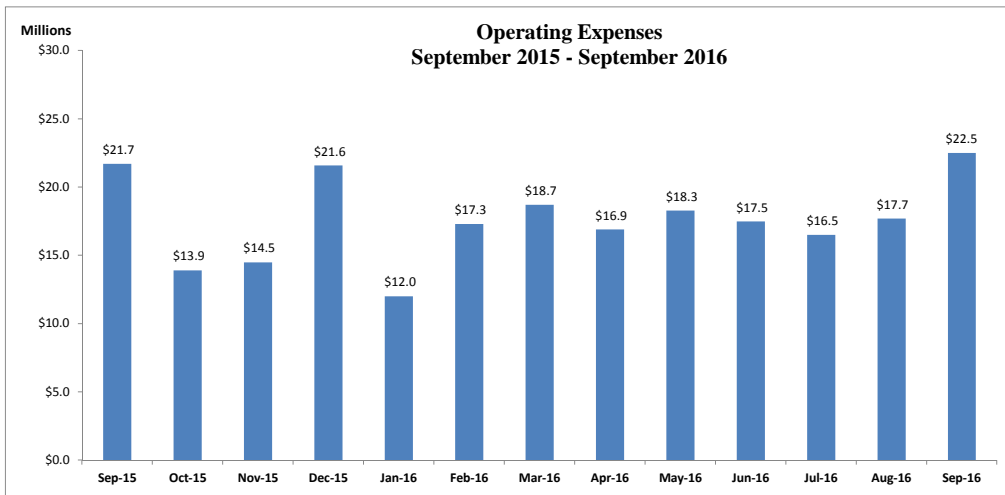
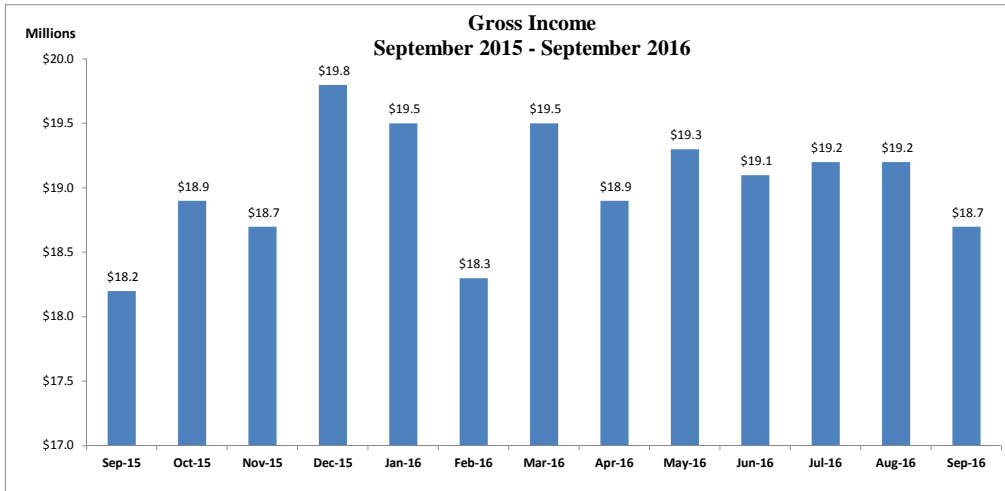
The September 2015 ratios are based on an insured share level of \$936.3 billion as of June 30, 2015.

The balances in the statement above are preliminary and unaudited.

NATIONAL CREDIT UNION SHARE INSURANCE FUND

STATISTICAL INFORMATION

September 30, 2016



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

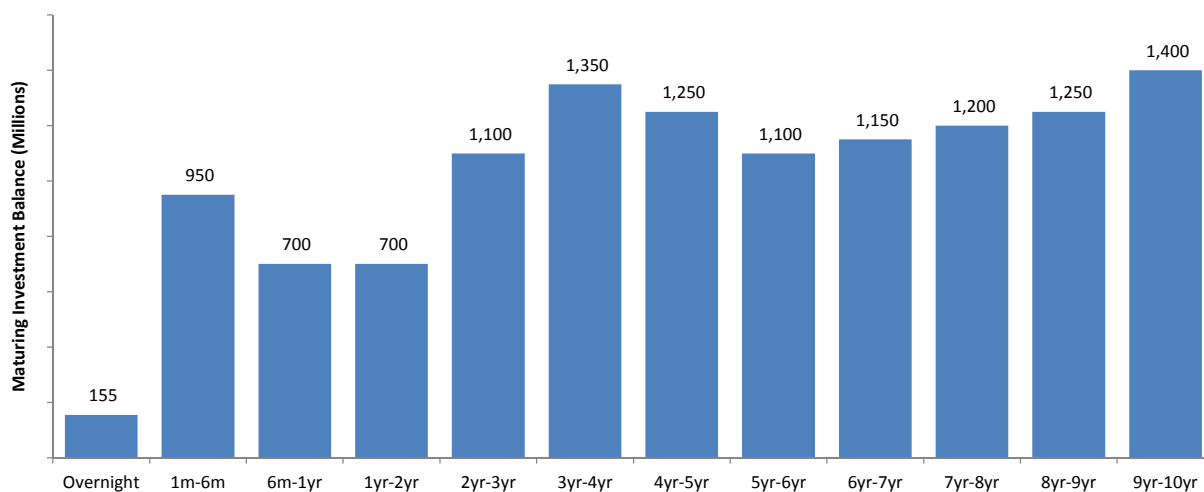
INVESTMENT PORTFOLIO SUMMARY
September 30, 2016

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	\$ 154,856,000	\$ 154,856,000	\$ -	100.00%	0.19%	
U.S. Treasury Notes	12,202,147,273	12,583,593,750	381,446,477	103.13%	1.85%	
Total	\$ 12,357,003,273	\$ 12,738,449,750	\$ 381,446,477	103.09%	1.84%	

II. INVESTMENT PORTFOLIO SUMMARY			
	Last Month	Current Month	CY To Date
Investment Yield	1.83%	1.84%	1.85%
Investment Income	\$ 19,008,751	\$ 18,500,607	\$ 169,140,474
Weighted Avg. Maturity in Days	1,846	1,851	

III. MONTHLY ACTIVITY					
Purchased	Type	Amount	Maturity	Yield	
9/30/2016	T-Note	\$ 100,000,000	8/15/2026	1.59%	
9/30/2016	T-Note	100,000,000	5/15/2018	0.74%	
TOTAL		\$ 200,000,000			

IV. MATURITY SCHEDULE (par value in millions)		
TOTAL	\$	12,305



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