

NATIONAL CREDIT UNION SHARE INSURANCE FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS October 31, 2016

A handwritten signature in blue ink, appearing to read "Rendell L. Jones", with a long, sweeping underline.

**RENDELL L. JONES
CHIEF FINANCIAL OFFICER**

NATIONAL CREDIT UNION SHARE INSURANCE FUND

MANAGEMENT OVERVIEW

October 31, 2016

Balance Sheet

Other - Insurance and Guarantee Program Liabilities (Reserves)

Reserves are \$182.6 million as of October 31, 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 October 31, 2016, the fund had net income of \$6.9 million. The fund recognized gross revenues of \$19.4 million and total operating expenses of \$12.5 million. The fund did not recognize any insurance loss expense during the month of October 2016.

NATIONAL CREDIT UNION SHARE INSURANCE FUND

BALANCE SHEETS
As of October 31, 2016
(Dollars in thousands)

	<u>October 2016</u>	<u>October 2015</u>
ASSETS		
INTRAGOVERNMENTAL		
Fund Balance with Treasury	\$ 1,797	\$ 3,637
Investments, Net U.S. Treasury Securities	12,983,992	12,120,422
Accrued Interest Receivable - Investments	80,586	88,108
Accounts Receivable - Due from the National Credit Union Administration Operating Fund	6,116	3,733
Note Receivable - Note due from the National Credit Union Administration Operating Fund	<u>9,275</u>	<u>10,616</u>
Total Intragovernmental Assets	<u>13,081,766</u>	<u>12,226,516</u>
PUBLIC		
Accounts Receivable - Due from Credit Unions	2,714	3,282
Accrued Interest Receivable	117	312
Notes Receivable, Net	59,044	118,014
General Property, Plant and Equipment, Net	1,298	1,449
Other - Receivable from Asset Management Estates, Net	<u>58,962</u>	<u>58,115</u>
Total Public Assets	<u>122,135</u>	<u>181,172</u>
TOTAL ASSETS	<u>\$ 13,203,901</u>	<u>\$ 12,407,688</u>
 LIABILITIES		
INTRAGOVERNMENTAL		
Accounts Payable - Due to the National Credit Union Administration Operating Fund	\$ 45	\$ 52
Accounts Payable - Due to the Temporary Corporate Credit Union Stabilization Fund	<u>5</u>	<u>544</u>
Total Intragovernmental Liabilities	<u>50</u>	<u>596</u>
PUBLIC		
Accounts Payable	1,392	1,760
Capital Lease Liability	200	357
Other - Insurance and Guarantee Program Liabilities (Reserves)	<u>182,635</u>	<u>169,695</u>
Total Public Liabilities	<u>184,227</u>	<u>171,812</u>
TOTAL LIABILITIES	<u>184,277</u>	<u>172,408</u>
 NET POSITION		
Contributed Capital	9,988,932	9,352,626
Cumulative Result of Operations	<u>3,030,692</u>	<u>2,882,654</u>
Total Net Position	<u>13,019,624</u>	<u>12,235,280</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 13,203,901</u>	<u>\$ 12,407,688</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 October 31, 2016
(Dollars in thousands)

	<u>October 2016</u>	<u>Year-to-Date October 2016</u>	<u>Year-to-Date October 2015</u>
GROSS COSTS			
OPERATING EXPENSES (1)			
Employee Pay	\$ 7,283	\$ 89,938	\$ 86,621
Employee Benefits	2,357	34,425	32,156
Travel	290	15,860	15,703
Rent, Communications and Utilities	166	2,947	2,342
Administrative Costs	805	7,994	8,106
Contracted Services	1,388	17,256	15,261
Training Expense	136	1,077	1,304
Leasing Expense	53	492	127
Other Insurance Expense	<u>3</u>	<u>35</u>	<u>33</u>
Total Operating Costs	<u>12,481</u>	<u>170,024</u>	<u>161,653</u>
INSURANCE LOSS EXPENSE	<u>-</u>	<u>(491)</u>	<u>(17,060)</u>
Total Gross Costs	<u>12,481</u>	<u>169,533</u>	<u>144,593</u>
LESS EXCHANGE REVENUES			
Interest Revenue on Note Receivable due from the National Credit Union Administration Operating Fund	(14)	(151)	(173)
Interest Revenue - Other	(117)	(1,987)	(3,028)
Other (Revenue) / Expense	<u>-</u>	<u>(196)</u>	<u>(1,243)</u>
Total Exchange Revenue	<u>(131)</u>	<u>(2,334)</u>	<u>(4,444)</u>
TOTAL NET COST/(INCOME) OF OPERATIONS	<u>12,350</u>	<u>167,199</u>	<u>140,149</u>
LESS NON-EXCHANGE REVENUES			
Investment Income	<u>(19,220)</u>	<u>(188,361)</u>	<u>(180,813)</u>
Total Non-Exchange Revenues	<u>(19,220)</u>	<u>(188,361)</u>	<u>(180,813)</u>
TOTAL NET COST/(INCOME) INCLUDING NON-EXCHANGE REVENUES	<u>\$ (6,870)</u>	<u>\$ (21,162)</u>	<u>\$ (40,664)</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.

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NATIONAL CREDIT UNION SHARE INSURANCE FUND

STATEMENTS OF NET POSITION

As of October 31, 2016

(Dollars in thousands)

	<u>October 2016</u>	<u>October 2015</u>
NET POSITION BREAKDOWN		
Credit Union Contributed Capital	\$ 9,988,932	\$ 9,352,626
Retained Earnings	2,763,477	2,721,608
Total Net Position without Unrealized Gain/(Loss)	<u>12,752,409</u>	<u>12,074,234</u>
Unrealized Gain/(Loss) - Investments	<u>267,215</u>	<u>161,046</u>
NET POSITION	<u>\$ 13,019,624</u>	<u>\$ 12,235,280</u>

NATIONAL CREDIT UNION SHARE INSURANCE FUND

Comparative Analysis of NCUSIF Ratios for As of October 31, 2016

As of October 31, 2016

Comparative Analysis of NCUSIF Ratios for October 2016

	October 2016	October 2015
Investments/Total Assets	98.33%	97.68%
Total Equity/Insured Shares (1)	1.28%	1.29%
Available Assets Ratio	1.28%	1.28%
Ins. Loss Exp./Insured Shares	0.00%	0.00%

Insured Shares as of June 30, 2016 (in billions) \$ 999.9

Insured Shares as of June 30, 2015 (in billions) 936.3

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

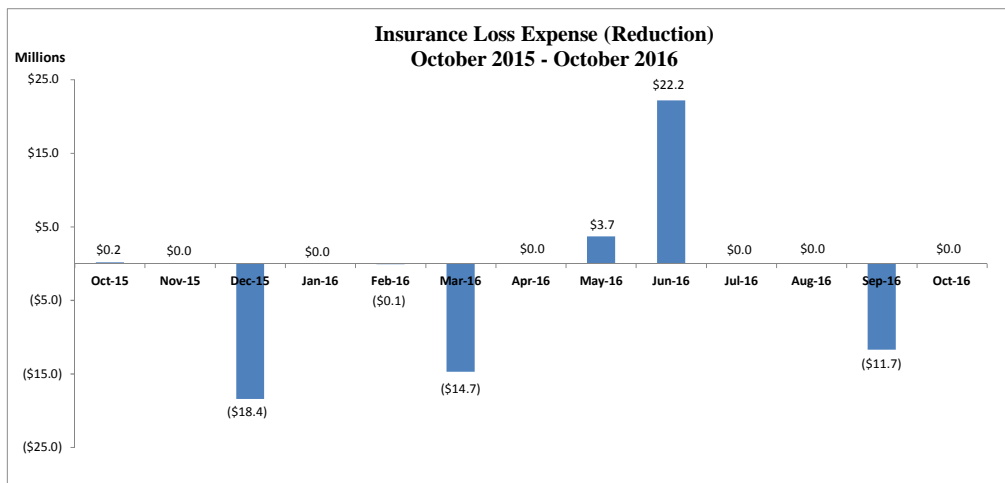
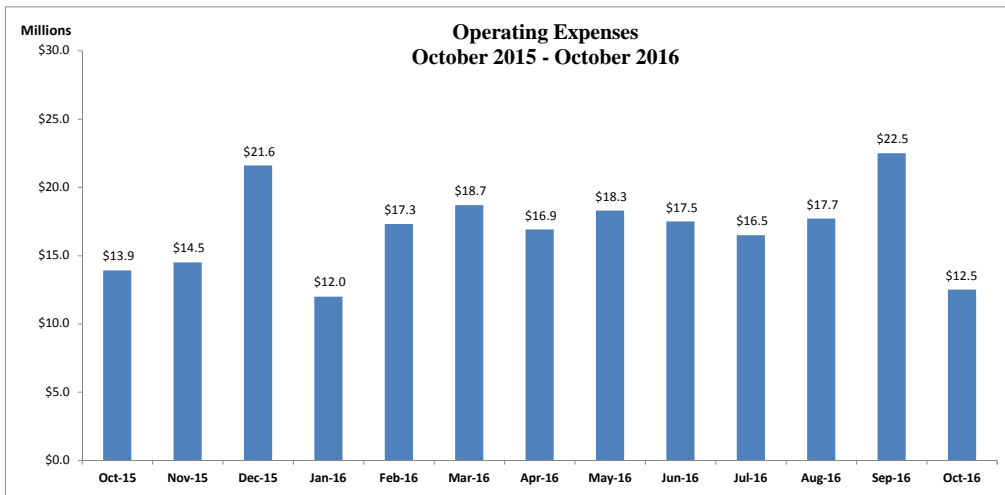
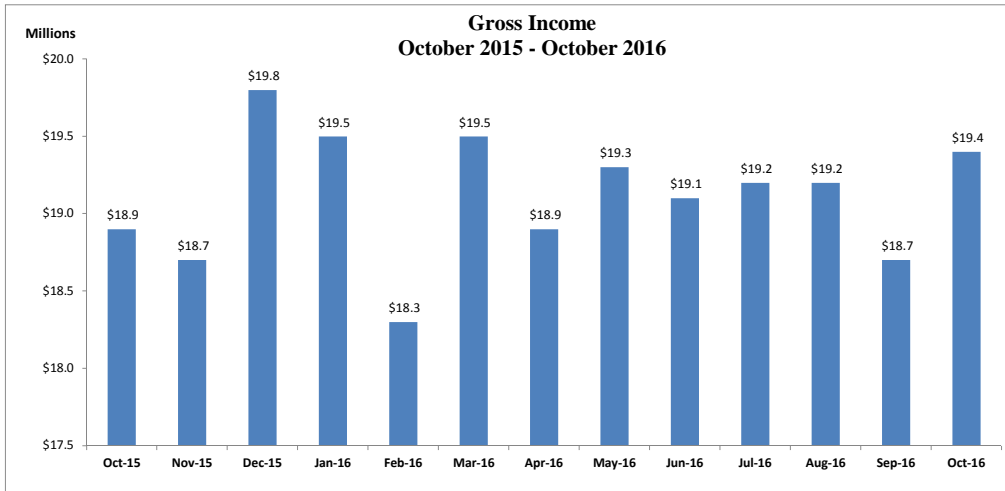
The October 2015 ratios are based on an insured share level of \$936.3 billion as of June 30, 2015.

The balances in the statement above are preliminary and unaudited.

NATIONAL CREDIT UNION SHARE INSURANCE FUND

STATISTICAL INFORMATION

October 31, 2016



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

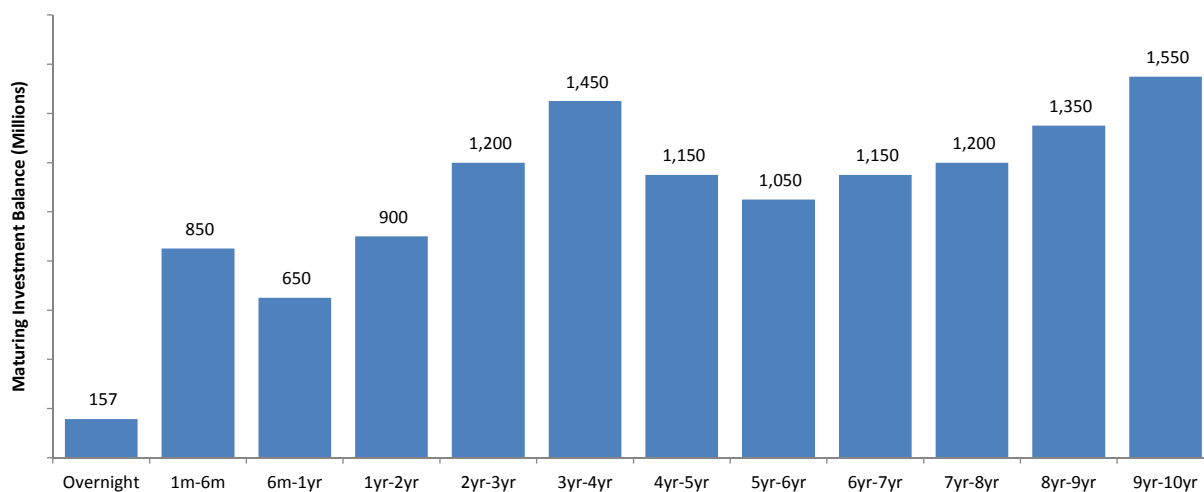
INVESTMENT PORTFOLIO SUMMARY
October 31, 2016

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	\$ 156,898,000	\$ 156,898,000	\$ -	100.00%	0.29%	
U.S. Treasury Notes	12,559,878,700	12,827,093,750	267,215,050	102.13%	1.82%	
Total	\$ 12,716,776,700	\$ 12,983,991,750	\$ 267,215,050	102.10%	1.82%	

II. INVESTMENT PORTFOLIO SUMMARY			
	Last Month	Current Month	CY To Date
Investment Yield	1.84%	1.82%	1.85%
Investment Income	\$ 18,500,607	\$ 19,220,004	\$ 188,360,478
Weighted Avg. Maturity in Days	1,851	1,824	

III. MONTHLY ACTIVITY					
Purchased	Type	Amount	Maturity	Yield	
10/18/2016	T-Note	\$ 200,000,000	2/15/2018	0.75%	
10/18/2016	T-Note	150,000,000	11/15/2025	1.73%	
10/31/2016	T-Note	100,000,000	11/15/2018	0.89%	
10/31/2016	T-Note	100,000,000	5/15/2025	1.76%	
TOTAL		\$ 550,000,000			

IV. MATURITY SCHEDULE (par value in millions)		
TOTAL	\$	12,657



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