



**NCUA**  
National Credit Union Administration

Eugene H. Schied, CFO

Office of the Chief Financial Officer

# NCUSIF Financial Statistics

For the Quarter Ended  
March 31, 2023

# NCUSIF Revenue and Expense

March 31, 2023

<b>PRELIMINARY &amp; UNAUDITED (In Millions)</b>	<b>Quarter Ended March 31, 2023</b>
<b>Gross Income:</b>	
Investment Income	\$90.8
Other Income	0.1
Total Income	<b>\$90.9</b>
<b>Less Expenses:</b>	
Operating Expenses	\$57.2
Provision for Insurance Losses:	
Reserve Expense	12.2
NPCU AME Loss Expense (Reduction)	(1.1)
Corporate AME Loss Expense (Reduction)	(19.3)
Total Expenses	<b>\$49.0</b>
<b>Net Income (Loss)</b>	<b>\$41.9</b>

# NCUSIF Summary Balance Sheets

## March 31, 2023

<b>PRELIMINARY &amp; UNAUDITED (In Millions)</b>	<b>Mar. 31, 2023</b>	<b>Dec. 31, 2022</b>
<b>Assets</b>		
Fund Balance with Treasury and Investments	\$20,549.9	\$20,164.4
Capitalization Deposits Receivable	210.1	-
Receivable from NPCU Asset Management Estates, Net	3.1	4.7
Receivable from Corporate Asset Management Estates, Net	76.5	71.8
Accrued Interest and Other Assets	123.2	122.7
<b>Total Assets</b>	<b>\$20,962.8</b>	<b>\$20,363.6</b>
<b>Liabilities and Net Position</b>		
Accounts Payable and Other Liabilities	\$286.8	\$3.0
Insurance and Guarantee Program Liabilities	198.0	185.2
Net Position – Cumulative Results of Operations	3,626.4	3,259.0
Net Position – Capitalization Deposits	16,851.6	16,916.4
<b>Total Liabilities and Net Position</b>	<b>\$20,962.8</b>	<b>\$20,363.6</b>

# NCUSIF - Insurance and Guarantee Program Liabilities

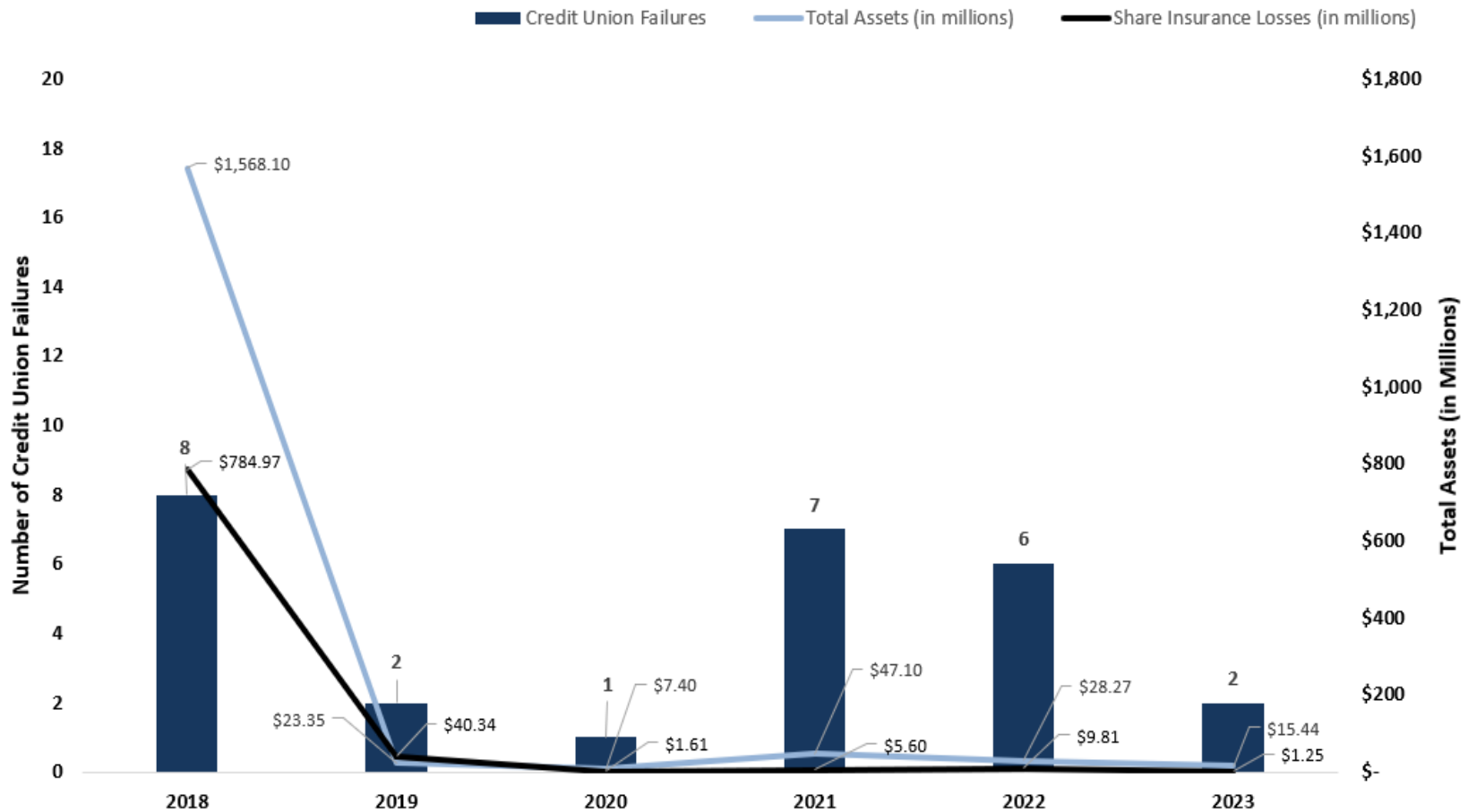
March 31, 2023

<b>PRELIMINARY &amp; UNAUDITED</b> <b>(In Millions)</b>	<b>Quarter Ended</b> <b>March 31, 2023</b>
<b>Beginning Reserve Balance:</b>	<b>\$ 185.2</b>
Reserve Expense	12.2
Charges for Assisted Mergers	-
Charges for Liquidations	0.6
<b>Ending Reserve Balance</b>	<b>\$198.0</b>

\* This table shows only NPCU Insurance and Program Guarantee Liabilities.

# Number of Credit Union Failures Incurring a Loss to the Share Insurance Fund

## CY2018 – Q1 CY2023



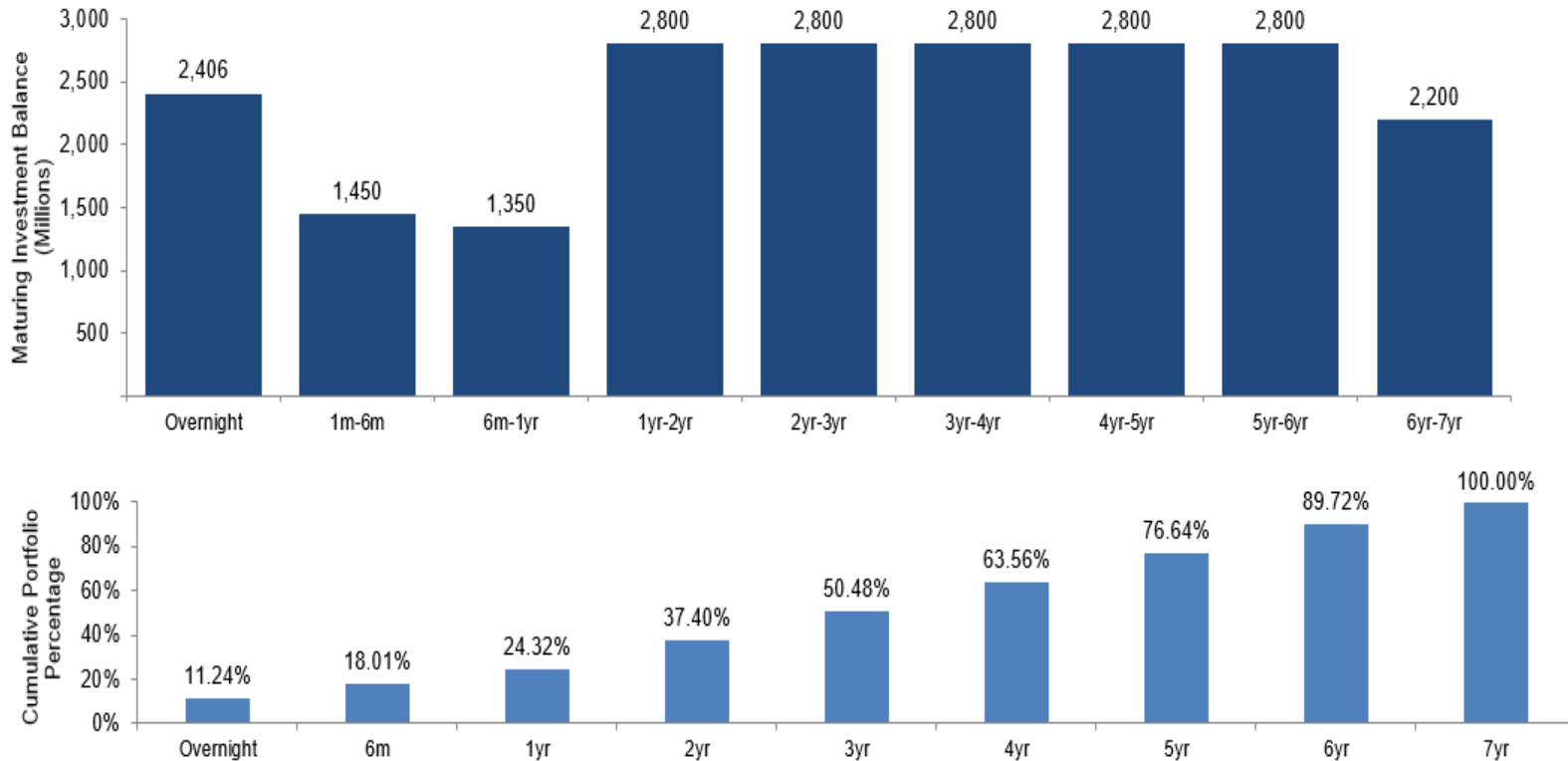
# NCUSIF Portfolio

## March 31, 2023

Investment Balance at Par: \$21.4 Billion

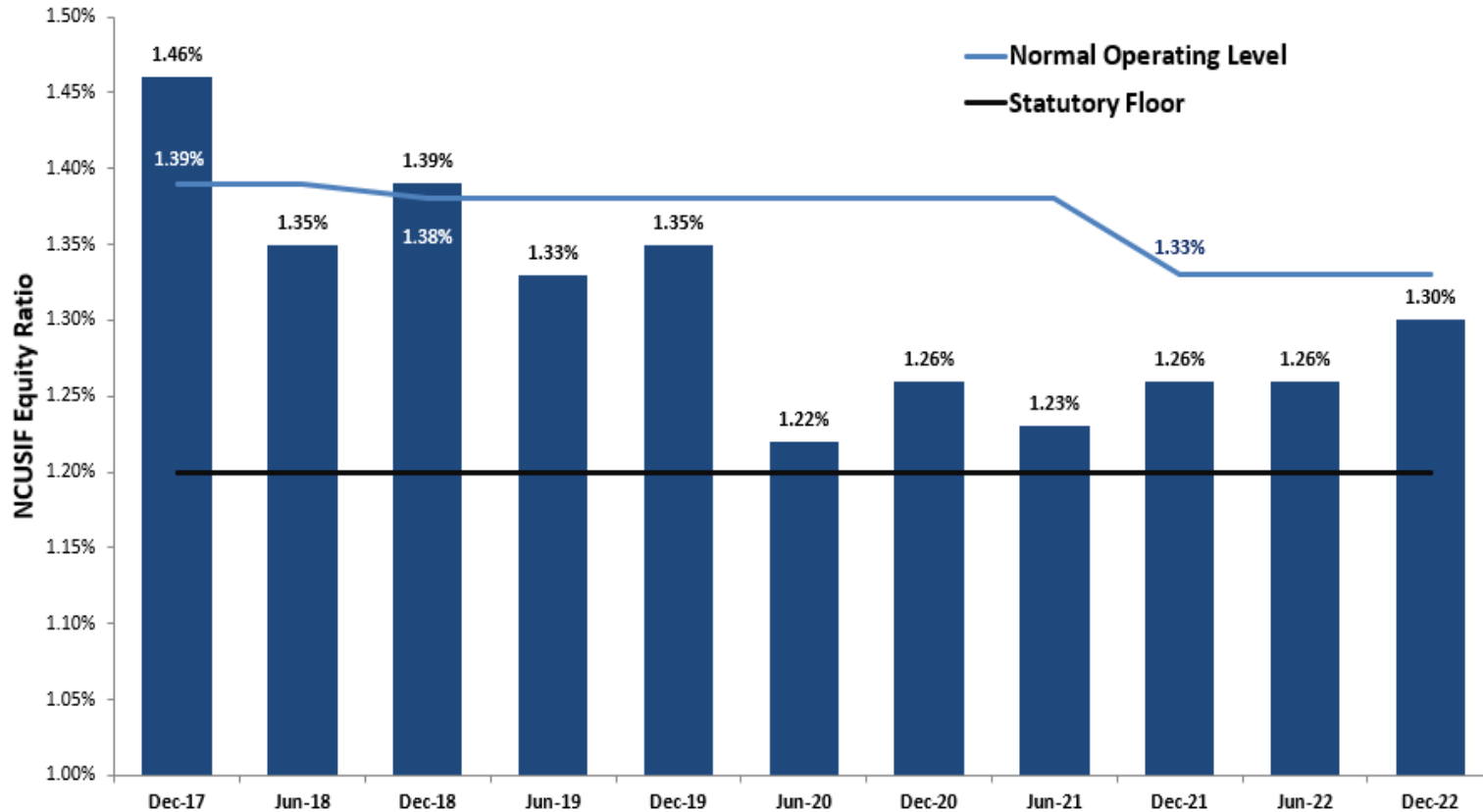
Weighted Average Life:  
Weighted Average Yield:

3.0 years  
1.76%



# NCUSIF Equity Ratio

## CY2017 – CY2022



# Projected Equity Ratio Calculation

- The NCUA staff projects the equity ratio for June 30th and for December 31st. The projection calculates the equity ratio on the same basis as the actual equity ratio.
  - The Federal Credit Union Act §1782(h)(2) defines the equity ratio as the ratio of – “(A) the amount of Fund capitalization, including insured credit unions’ 1 percent capitalization deposits and the retained earnings balance of the Fund (net of direct liabilities of the Fund and contingent liabilities for which no provision for losses has been made) to (B) the aggregate amount of the insured shares in all insured credit unions.”
- The projection for the June 30, 2023, NCUSIF equity ratio is 1.25 percent.

Projection Quarter- End	Calculation
June 2023	$\frac{\text{Projected 06/30 Retained Earnings*} + 1\% \text{ of 12/31 Insured Shares}}{\text{Projected 06/30 Insured Shares}}$

\*net of any direct liabilities of the Fund and contingent liabilities for which no provision has been made

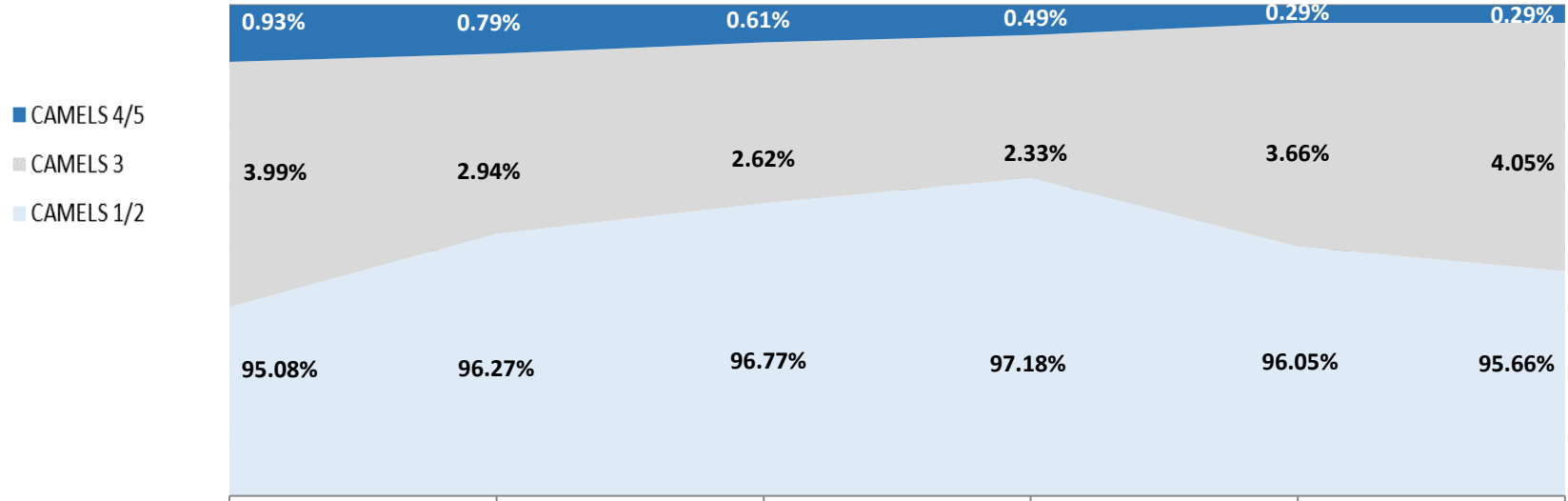
$$\frac{\$4,971,986,576 + \$16,853,444,613}{\$1,752,923,117,663} = 1.25\%$$



# Percentage of Insured Shares and Total Number of CUs by CAMELS Code

## CY2018 – Q1 CY2023

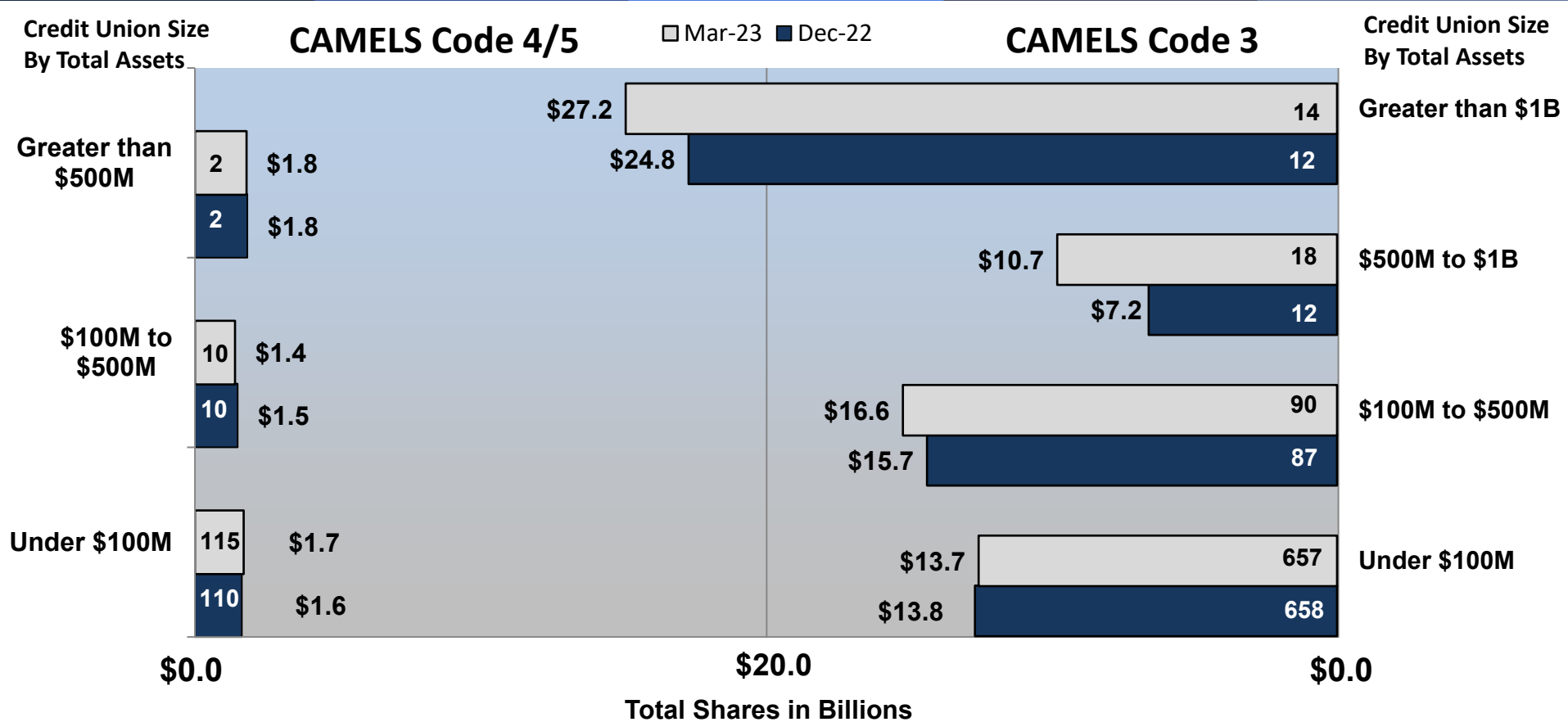
Percentage of Insured Shares by CAMELS Rating\*



Number of CUs	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Mar-23
CAMELS 4/5	193	190	159	129	122	127
CAMELS 3	940	838	748	752	769	779
CAMELS 1/2	4,266	4,220	4,209	4,072	3,889	3,815
<b>TOTAL</b>	<b>5,399</b>	<b>5,248</b>	<b>5,116</b>	<b>4,953</b>	<b>4,780</b>	<b>4,721</b>

\*Areas are not to scale.

# CAMELS Code Comparison by Asset Size



In Billions	CAMELS 4/5		In Billions	CAMELS 3	
	Dec-22	Mar-23		Dec-22	Mar-23
Total Shares	\$4.9	\$4.9	Total Shares	\$61.5	\$68.2
Total Assets	\$5.6	\$5.6	Total Assets	\$71.4	\$80.0

# Office Contact Page

**Feel free to contact our office with questions or comments.**

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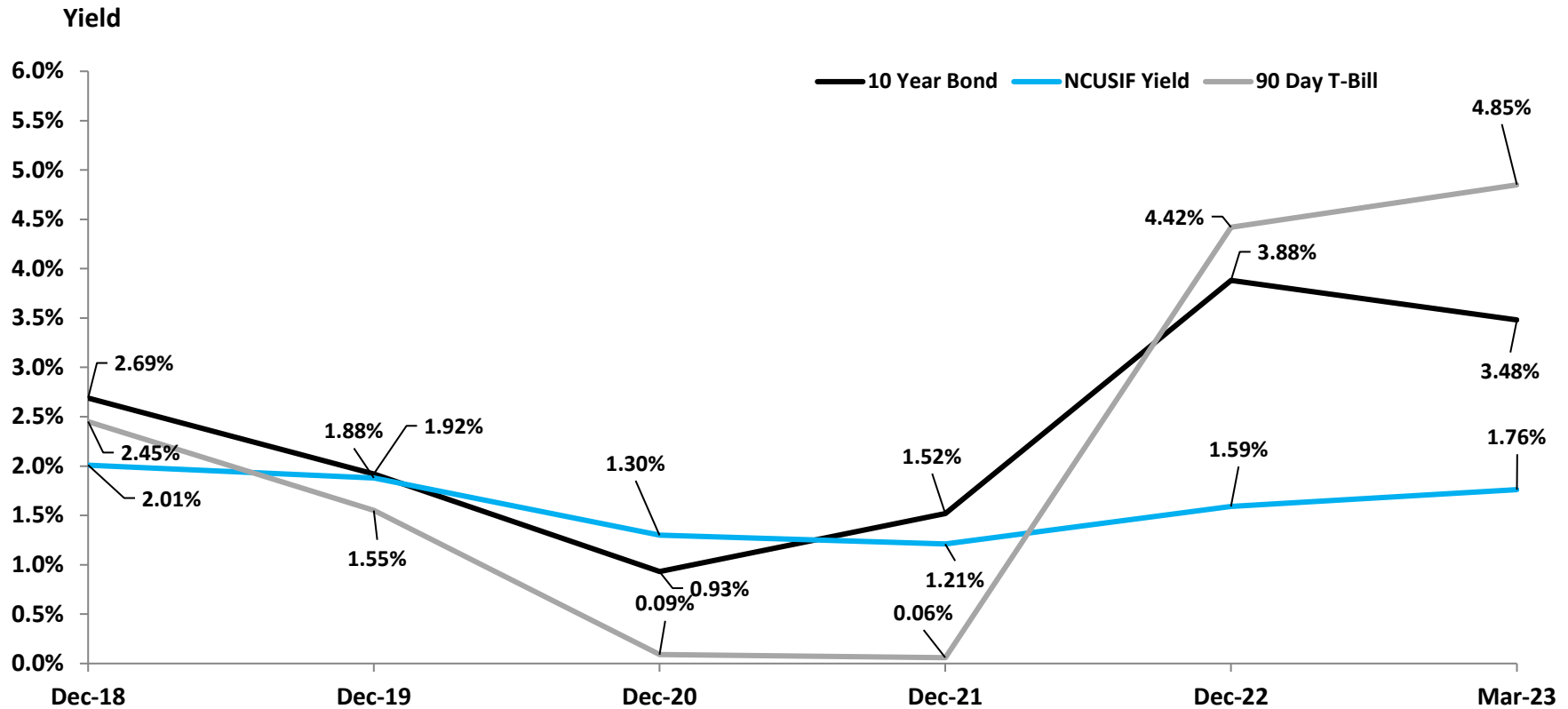
**Office Phone:** 703-518-6570



# **SUPPLEMENTAL INFORMATION**

# Yield Comparisons

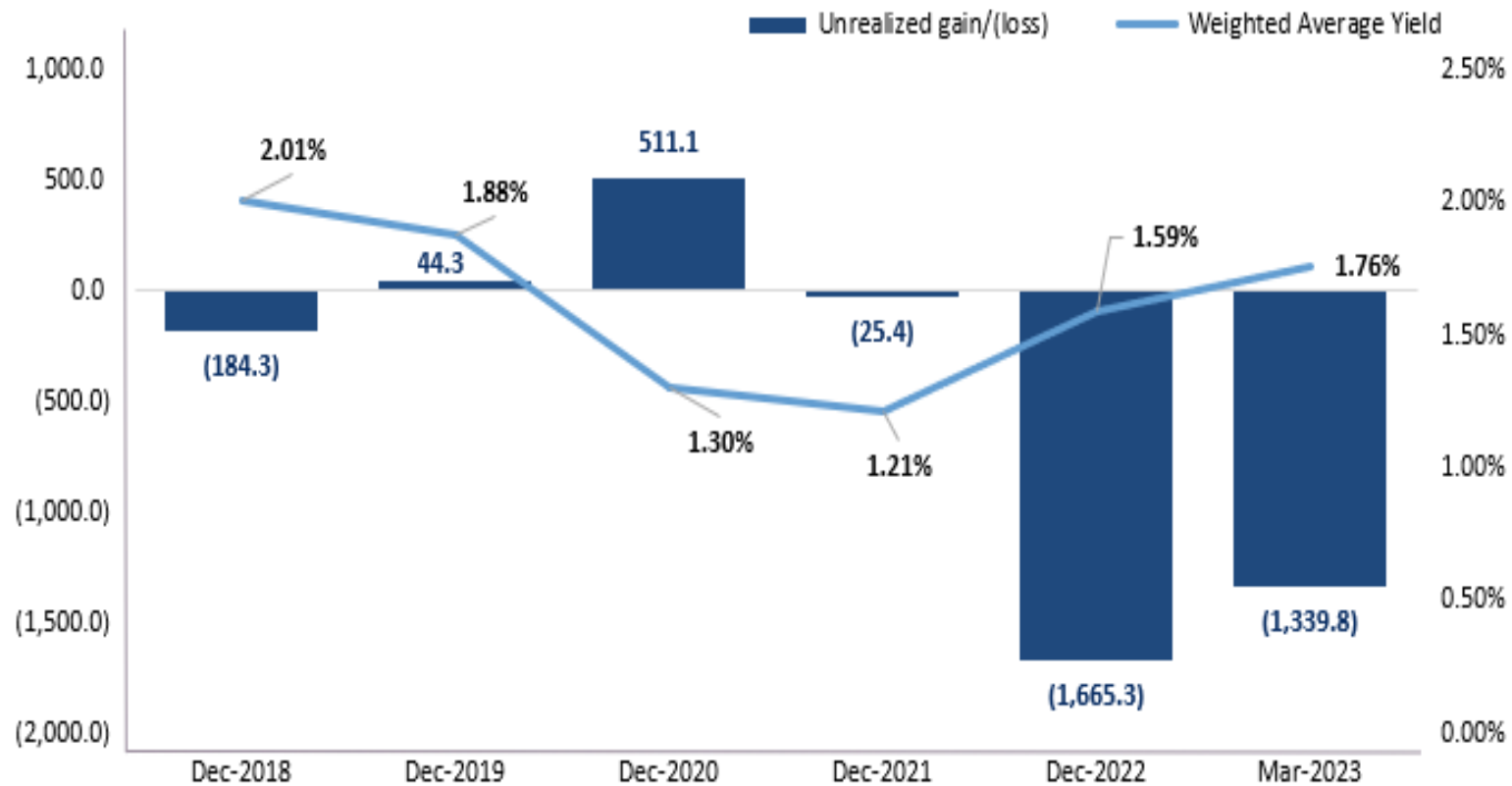
## CY 2018 – Q1 CY2023



# Portfolio Unrealized Gain/(Loss)

## CY2018 – Q1 CY2023

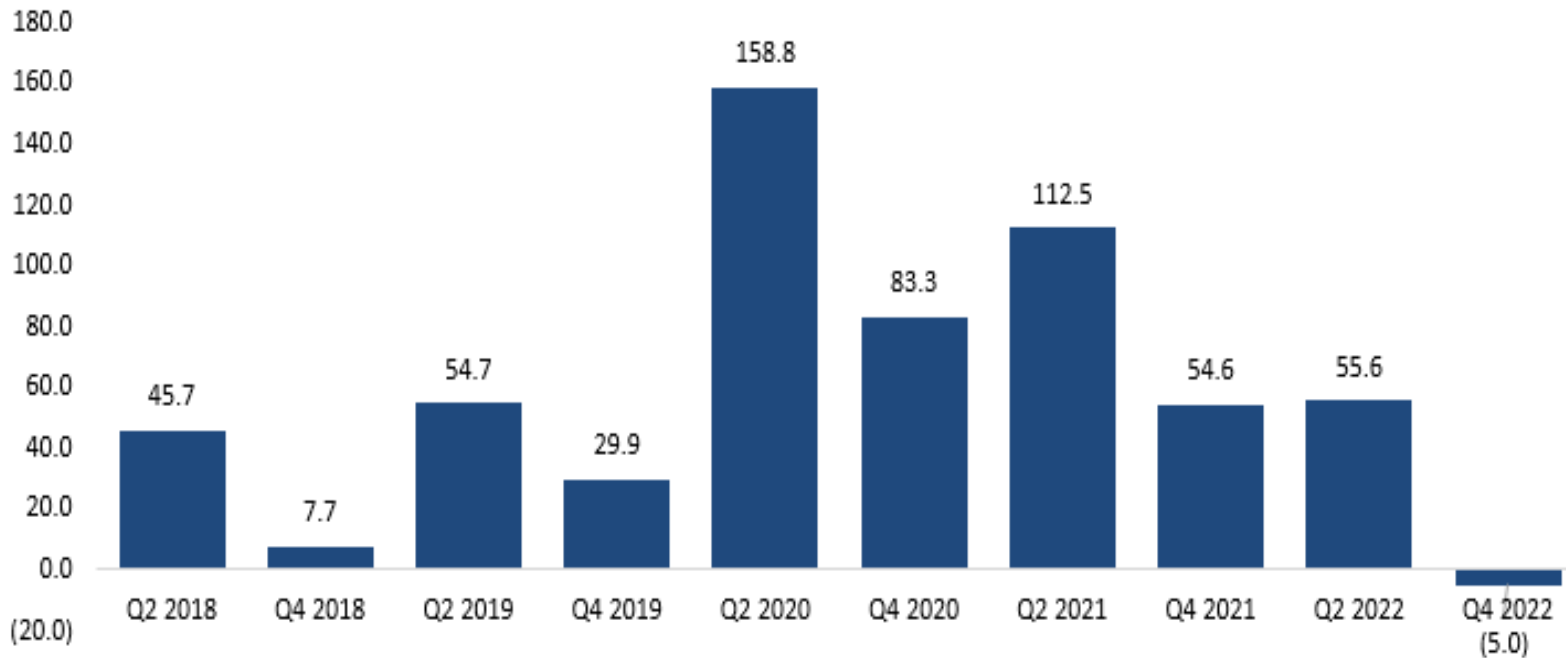
Unrealized Gain/ (Loss) on Investments (in millions)



# Change in Insured Shares

## CY2018 – CY2022

Change in Insured Shares (in billions)



	2018	2019	2020	2021	2022
Total Insured Shares	1,141B	1,226B	1,468B	1,635B	1,685B

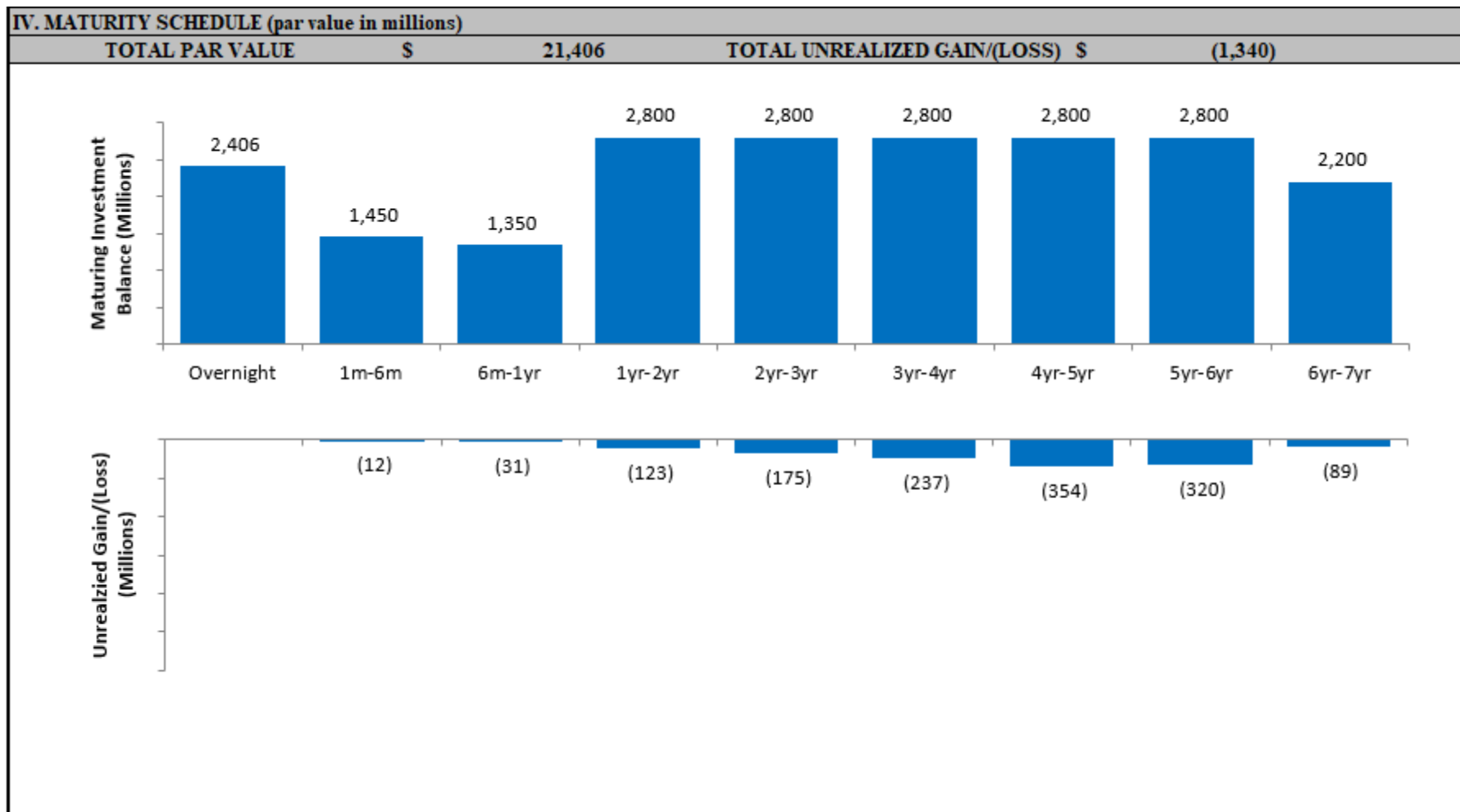
# Quarterly Portfolio Activity

## March 31, 2023

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	\$ 2,405,928,000	\$ 2,405,928,000	\$ -	100.00%	4.69%	
U.S. Treasury Notes	19,449,656,147	18,109,876,228	(1,339,779,919)	93.11%	1.39%	
<b>Total</b>	<b>\$ 21,855,584,147</b>	<b>\$ 20,515,804,228</b>	<b>\$ (1,339,779,919)</b>	<b>93.87%</b>	<b>1.76%</b>	
II. INVESTMENT PORTFOLIO SUMMARY						
	Last Month	Current Month	CY To Date			
Investment Yield	1.75%	1.76%	1.71%			
Investment Income	\$ 28,421,512	\$ 32,343,177	\$ 90,845,423			
Weighted Avg. Maturity in Days/ (Years)	1128 (3.09)	1101 (3.02)				
III. QUARTERLY ACTIVITY FOR T-NOTES						
Purchased	Amount	Maturity	Yield			
None						
Maturity	Amount	Purchased	Yield			
2/15/2023	650,000,000	various	0.12%-2.38%			



# Quarterly Portfolio Activity (continued)



# Current Investment Strategy

- **Invest in 10-year Treasury Ladder which provides:**
  - Quarterly stream of maturities for liquidity needs and adjustments.
  - A higher expected return than a shorter Treasury Ladder.
- **Agency performance plan goal for 2023 is to maintain an investment strategy that provides for sufficient funds to meet operating costs and liquidity needs without having to sell investments at a loss or use the agency's borrowing authority.**
- **Overnight liquidity target set by Investment Committee – currently at \$4 billion. Once overnight target met, plan to return to slow buildout of ladder.**

# Statutory Authority for Investments

- **Title II §1783(c) of the Federal Credit Union Act addresses investment authorizations for the NCUSIF**
  - Must be transacted through the Secretary of the Treasury.
  - Must be in interest-bearing securities of the United States or in any securities guaranteed as to both principal and interest by the United States or in bonds or other obligations which are lawful investments for fiduciary, trust, and public funds of the United States, and the income shall constitute a part of the fund.
- **Only viable option is to invest through FedInvest that allows the NCUSIF to invest in:**
  - Overnights with the rate indexed off the 4-week Treasury Bill.
  - Government Account Series securities that “mirror” US Treasury securities.
  - NCUA must adhere to U.S. Treasury policies.

# Treasury Policies on Investments

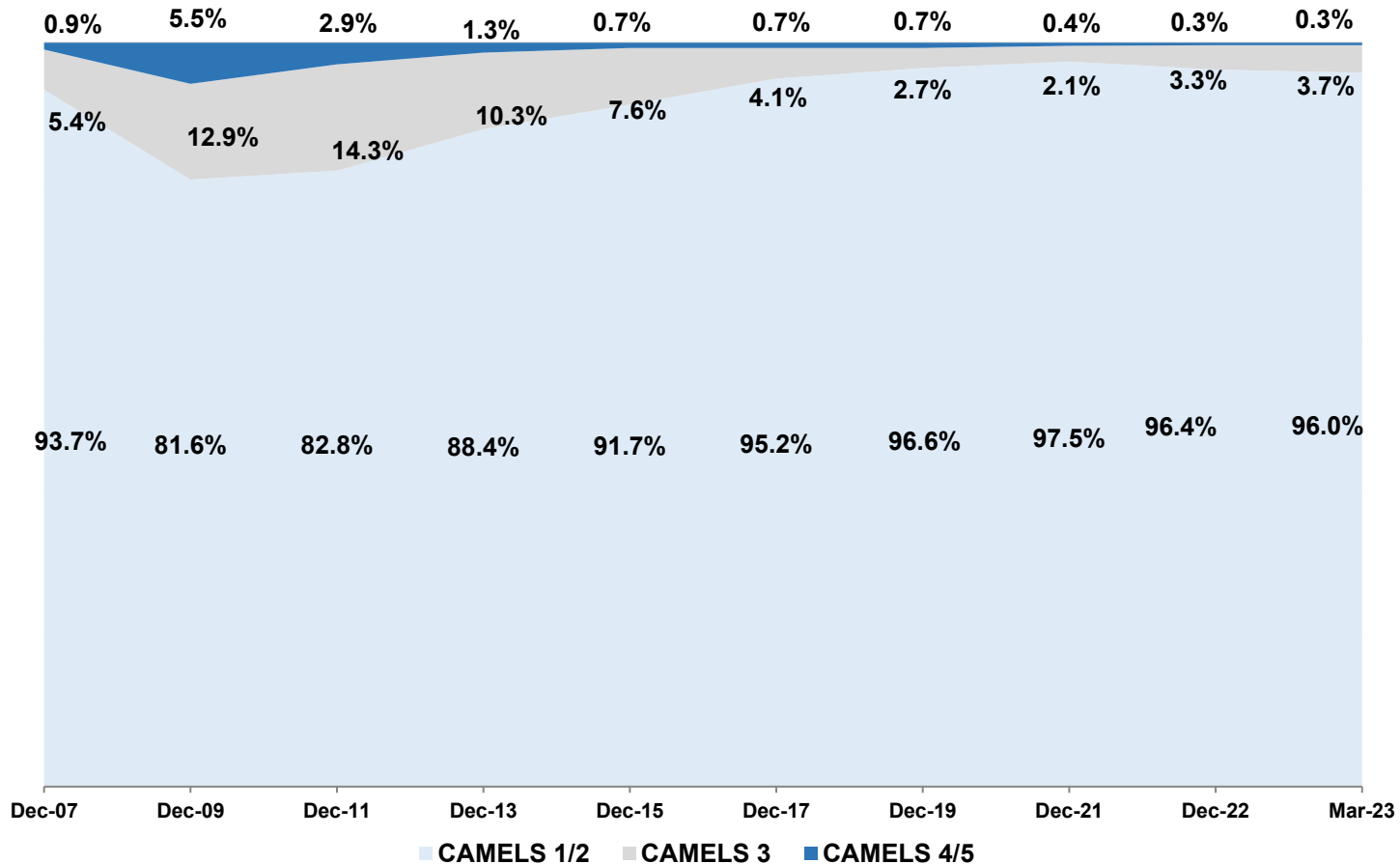
Department of Treasury policies govern investment of monies in Government Investment Accounts, and includes that:

- A Federal Program Agency for a Government Investment Account shall, to the best of its ability, develop its investment strategy to select investments with Maturity Dates that coincide approximately with the Federal Program Agency's disbursement estimates, so that the investments may be bought and held to the Maturity Dates.
- A Federal Program Agency for a Government Investment Account shall not engage in investment practices, including but not limited to security day-trading and large restructuring of investment portfolios to take advantage of short-term Interest Rate fluctuations or to result in gains and losses.

Source: Treasury Financial Manual, Part II, Section 4335.95

# Distribution of Assets in CAMELS Codes

## CY2007 – Q1 CY2023 \*



\*Areas are not to scale.