



**NCUA**  
National Credit Union Administration

Eugene H. Schied, CFO

Office of the Chief Financial Officer

# NCUSIF Financial Statistics

For the Quarter Ended  
December 31, 2023

# Audited Financial Statements

## National Credit Union Share Insurance Fund (NCUSIF)

- The NCUA's financial statements were audited by KPMG through a contract with the Office of the Inspector General.
- The Fund's financial statements received an unmodified (clean) opinion with no reportable conditions.
- The audited financial statements are located at: <https://www.ncua.gov/about-ncua/inspector-general/oig-reports/audit-reports>

# NCUSIF Revenue and Expense

## December 31, 2023

| (In Millions)   | Quarter Ended<br>December 31, 2023 | Year-to-Date<br>December 31, 2023 |
|---|------------------------------------|-----------------------------------|
| <b>Gross Income:</b>                                  |                                    |                                   |
| Investment Income                                     | \$126.2                            | \$431.7                           |
| Other Income  | -                                  | 0.2                               |
| Total Income  | <b>\$126.2</b>                     | <b>\$431.9</b>                    |
| <b>Less Expenses:</b>                                 |                                    |                                   |
| Operating Expenses                                    | \$60.2                             | \$234.4                           |
| Provision for Insurance Losses:                       |                                    |                                   |
| Reserve Expense (Reduction)                           | (4.9)                              | 24.8                              |
| Consumer Credit Union AME Loss<br>Expense (Reduction) | (0.9)                              | (2.3)                             |
| Corporate AME Loss Expense (Reduction)                | 0.1                                | (34.7)                            |
| Total Expenses  | <b>\$54.5</b>                      | <b>\$222.2</b>                    |
| <b>Net Income (Loss)</b>                              | <b>\$71.7</b>                      | <b>\$209.7</b>                    |

# NCUSIF Summary Balance Sheets

## December 31, 2023

| (In Millions)   | December 31,<br>2023 | December 31,<br>2022 |
|---|----------------------|----------------------|
| <b>Assets</b>   |                      |                      |
| Fund Balance with Treasury and Investments                          | \$21,234.3           | \$20,164.4           |
| Receivable from Consumer Credit Union Asset Management Estates, Net | 0.6                  | 4.7                  |
| Receivable from Corporate Asset Management Estates, Net             | 69.7                 | 71.8                 |
| Accrued Interest and Other Assets                                   | 110.0                | 122.7                |
| <b>Total Assets</b>   | <b>\$21,414.6</b>    | <b>\$20,363.6</b>    |
| <b>Liabilities and Net Position</b>                                 |                      |                      |
| Accounts Payable and Other Liabilities                              | \$4.0                | \$3.0                |
| Insurance and Guarantee Program Liabilities                         | 209.0                | 185.2                |
| Net Position – Cumulative Results of Operations                     | 3,966.7              | 3,259.0              |
| Net Position – Capitalization Deposits                              | 17,234.9             | 16,916.4             |
| <b>Total Liabilities and Net Position</b>                           | <b>\$21,414.6</b>    | <b>\$20,363.6</b>    |

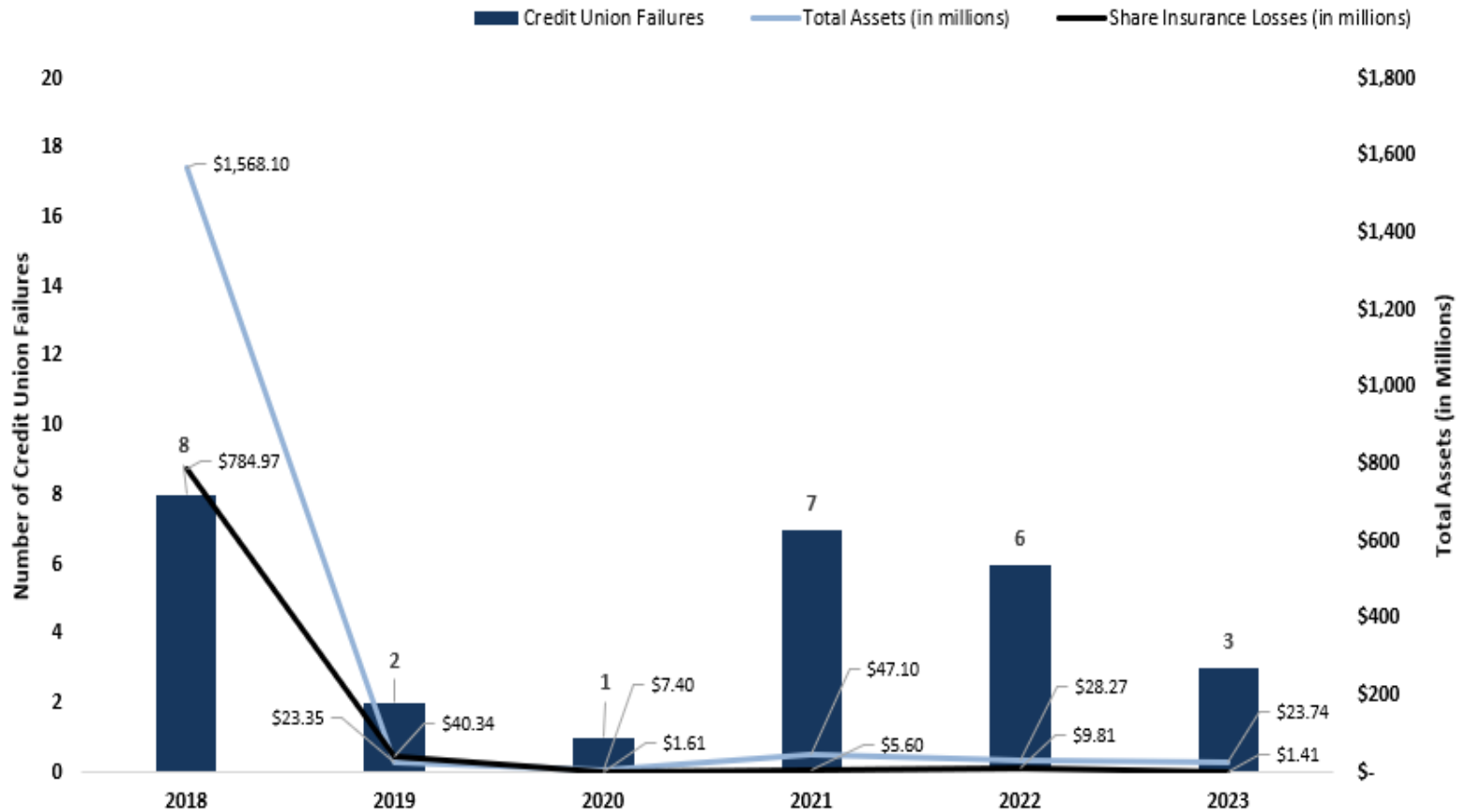
# NCUSIF - Insurance and Guarantee Program Liabilities

## December 31, 2023

| <b>(In Millions)</b>              | <b>Quarter Ended<br/>December 31, 2023</b> | <b>Year-To-Date<br/>December 31, 2023</b> |
|-----------------------------------|--|---|
| <b>Beginning Reserve Balance:</b> | <b>\$ 214.3</b>                            | <b>\$ 185.2</b>                           |
| Reserve Expense (Reduction)       | (4.9)                                      | 24.8                                      |
| Charges for Assisted Mergers      | (0.2)                                      | (1.4)                                     |
| Charges for Liquidations          | (0.2)                                      | 0.4                                       |
| <b>Ending Reserve Balance</b>     | <b>\$209.0</b>                             | <b>\$209.0</b>                            |

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

## CY2018 – CY2023



# NCUSIF Portfolio

## December 31, 2023

Investment Balance at Par: \$22.0 Billion

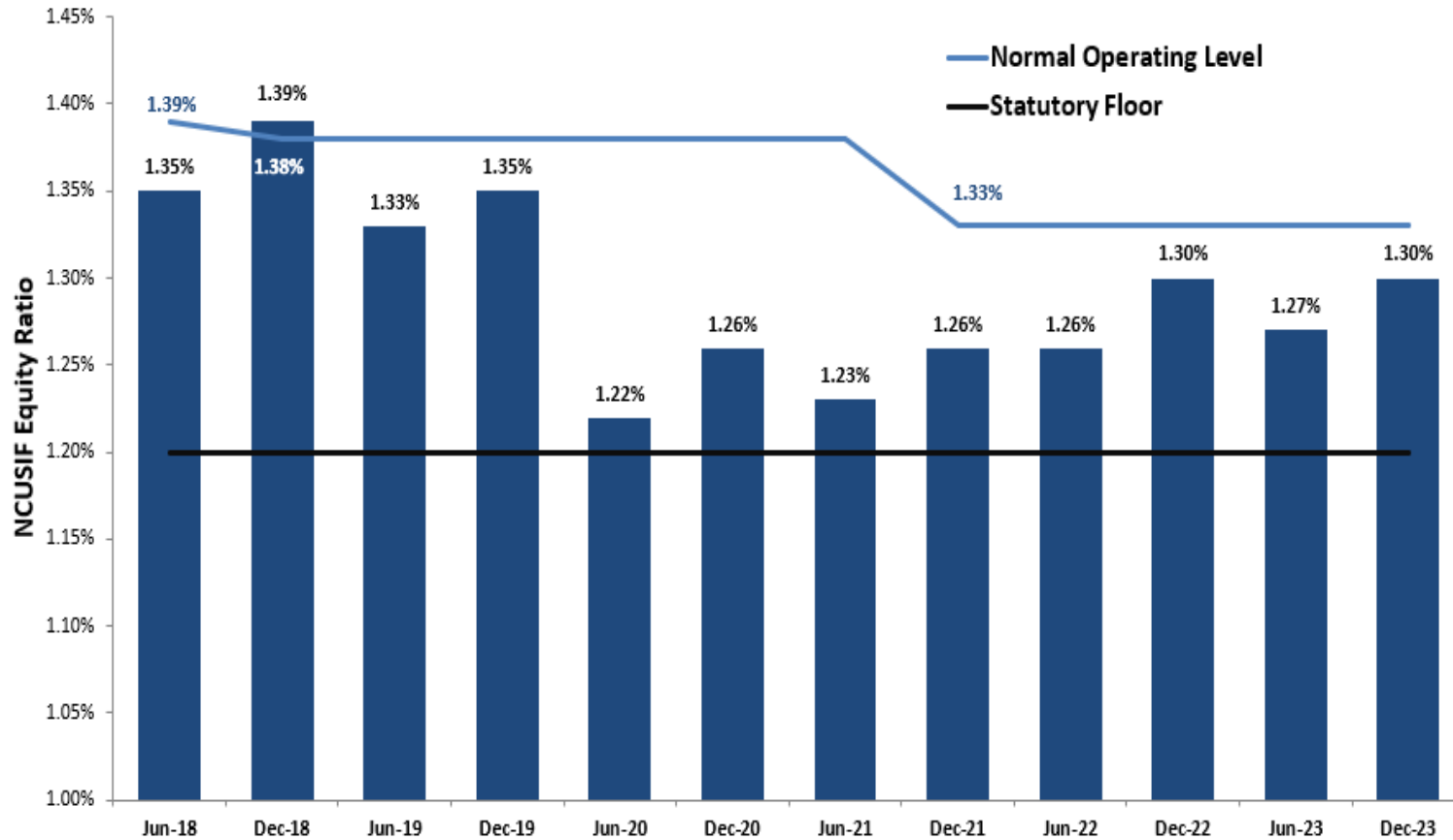
Weighted Average Life: 2.3 years

Weighted Average Yield: 2.33%



# NCUSIF Equity Ratio

## CY2018 – CY2023





# NCUSIF Equity Ratio (Continued)

- 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.”
- Equity ratio of the Share Insurance Fund as of December 31, 2023 is 1.30 percent, below the approved normal operating level of 1.33 percent.

$$\frac{\$17,234,860,558^1 + \$5,133,986,045^2}{\$1,720,909,181,091^3} = 1.30\%$$

<sup>1</sup> Contributed Capital as reported on the Balance Sheet of the December 31, 2023 audited financial statements.

<sup>2</sup> SIF Retained Earnings of \$5,133,986,045 which is defined as: cumulative results of operations of \$3,966,686,935, excluding net cumulative unrealized gains and losses on investments of (\$1,167,299,110) as reported on the December 31, 2023 audited financial statements.

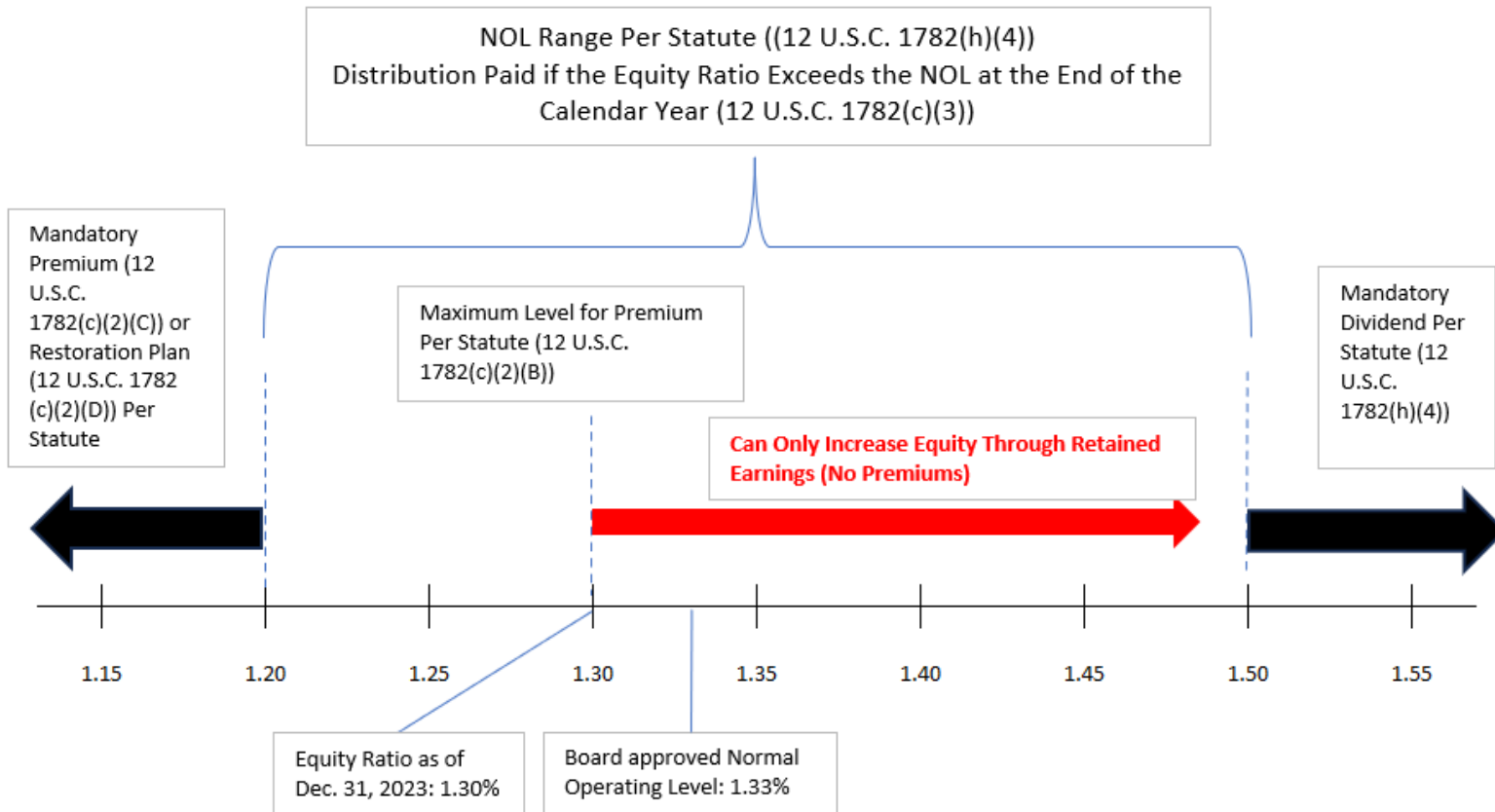
<sup>3</sup> Insured shares are based on December 31, 2023 call reports as of February 9, 2024.

# Normal Operating Level (NOL)

The NOL is the target equity level for the NCUSIF

- **Under the FCU Act, the NOL:**
  - Can be set from 1.20 to 1.50 percent (12 U.S.C. 1782(h)(4))
  - Distribution to credit unions required if equity ratio exceeds NOL at the end of the calendar year and other statutory conditions are met (12 U.S.C. 1782(c)(3))
- **The NOL was last set and approved by the Board in December 2021 and the current level remains unchanged at 1.33 percent**

# NCUSIF NOL(Continued)

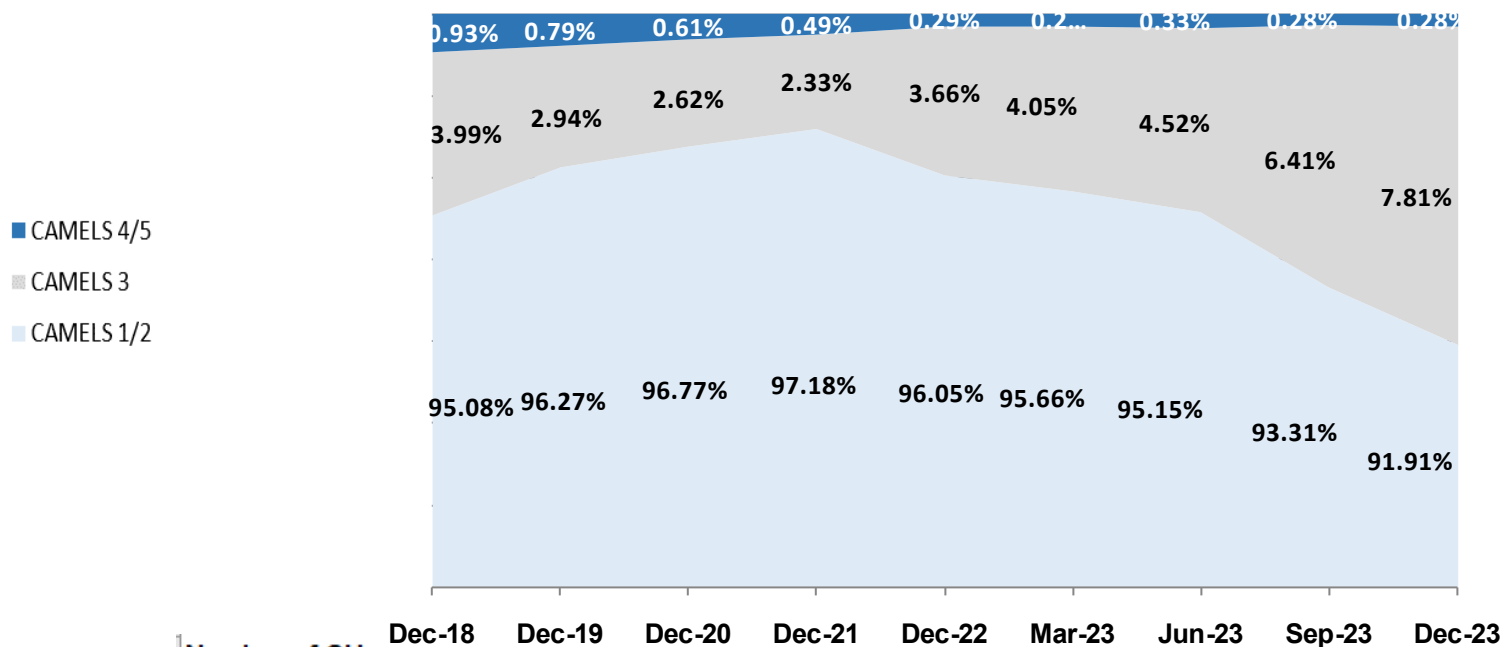


- Distribution occurs when the equity in the Share Insurance Fund exceeds the NOL and the available assets ratio exceeds 1.00% at year-end.
- Premium may be assessed if the equity ratio is below 1.30%. The premium may only be enough to bring the equity ratio back to 1.30%.
- Equity ratio growth above 1.30% may only occur through increases in retained earnings or a decline in insured shares.
- Board Restoration Plan must be implemented if the equity ratio falls below 1.20%.

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

## CY2018 – CY2023

Percentage of Insured Shares by CAMELS Rating\*



| Number of CUs | Dec-18 | Dec-19 | Dec-20 | Dec-21 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 |
|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| CAMELS 4/5    | 193    | 190    | 159    | 129    | 122    | 127    | 134    | 131    | 125    |
| CAMELS 3      | 940    | 838    | 748    | 752    | 769    | 779    | 771    | 777    | 776    |
| CAMELS 1/2    | 4,266  | 4,220  | 4,209  | 4,072  | 3,889  | 3,815  | 3,784  | 3,751  | 3,721  |
| TOTAL         | 5,399  | 5,248  | 5,116  | 4,953  | 4,780  | 4,721  | 4,689  | 4,659  | 4,622  |

\*Areas are not to scale.

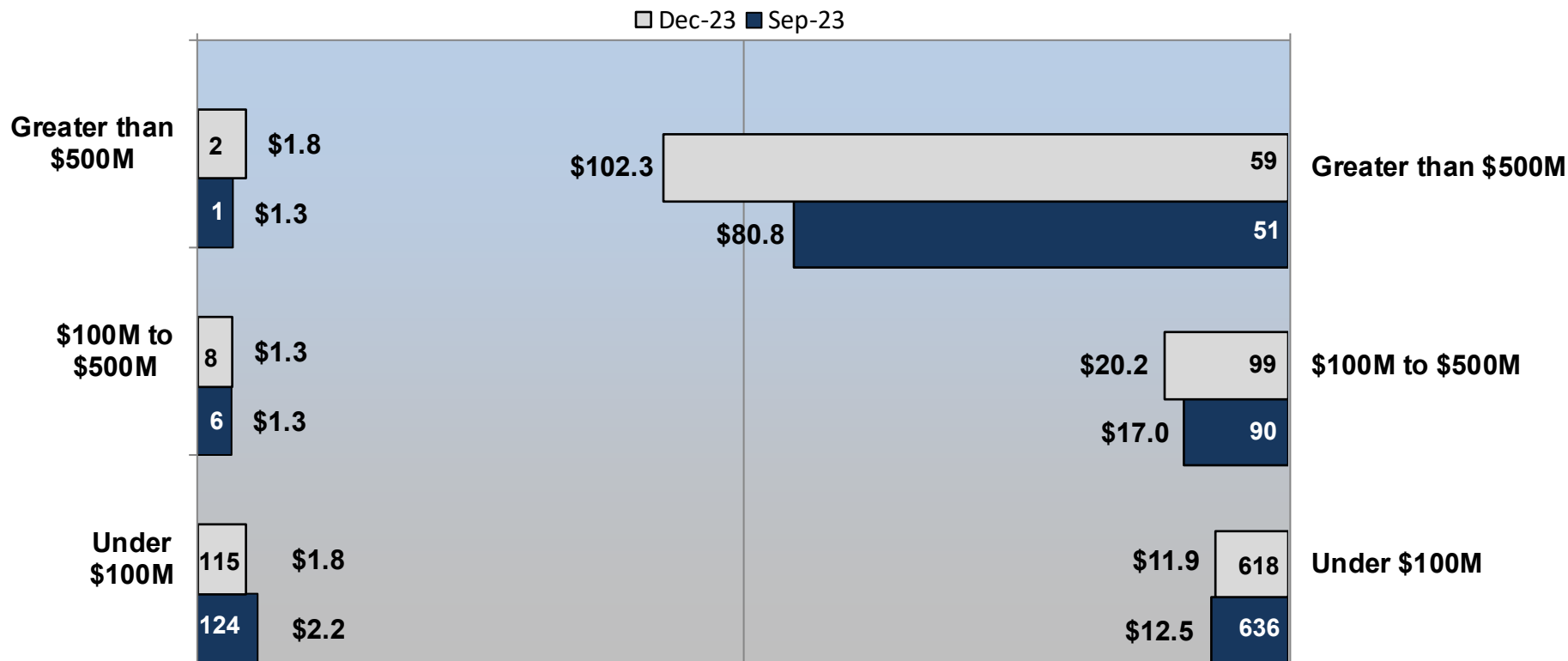
# CAMELS Code Comparison by Asset Size

Credit Union Size  
By Total Assets

CAMELS Code 4/5

CAMELS Code 3

Credit Union Size  
By Total Assets



| In Billions  | CAMELS 4/5 |        | In Billions  | CAMELS 3 |         |
|--------------|------------|--------|--------------|----------|---------|
|              | Sep-23     | Dec-23 |              | Sep-23   | Dec-23  |
| Total Shares | \$4.8      | \$4.9  | Total Shares | \$110.3  | \$134.4 |
| Total Assets | \$5.4      | \$5.5  | Total Assets | \$131.7  | \$160.2 |

# Office Contact Page

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

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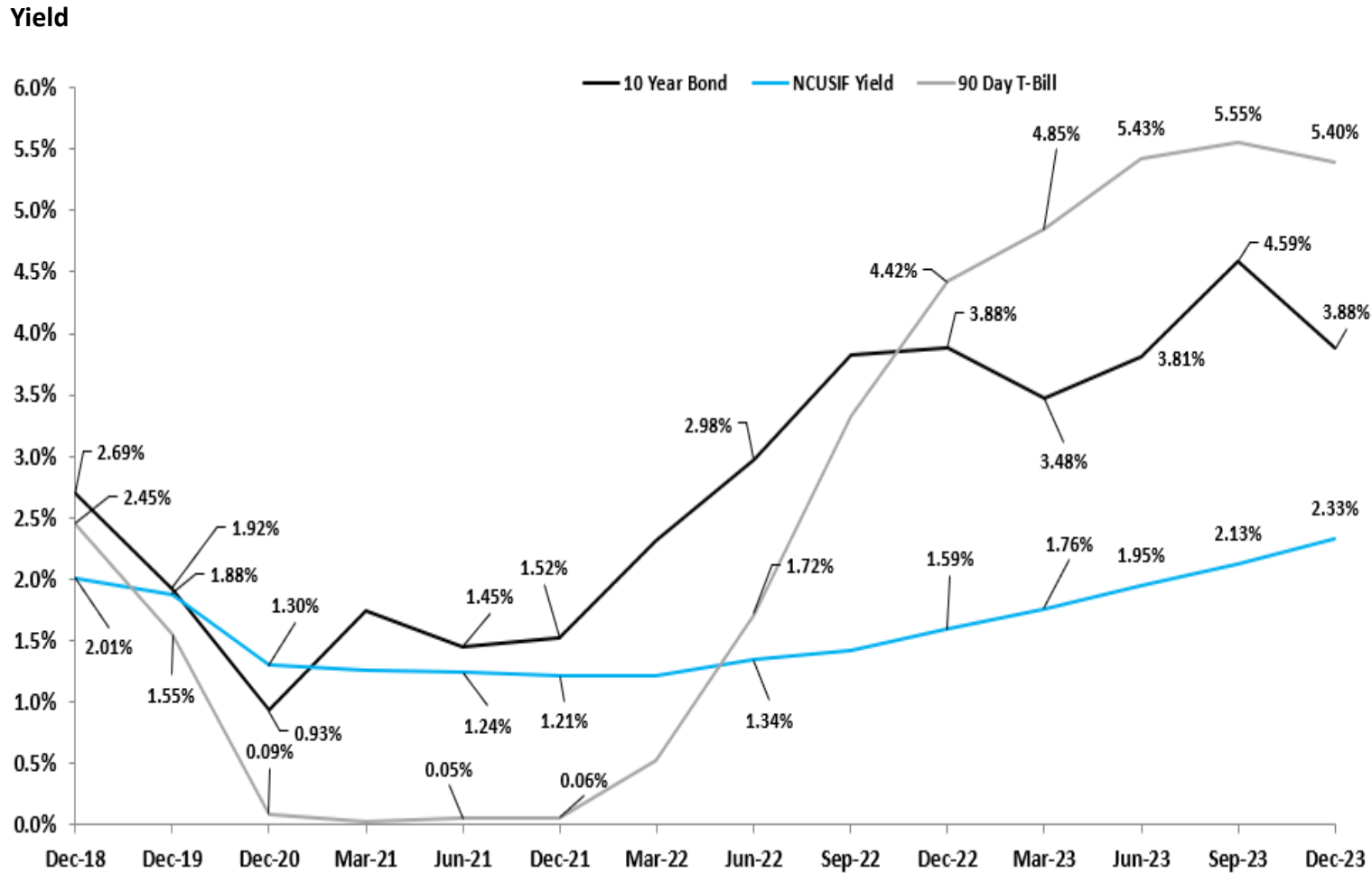
**Office Phone:** 703-518-6570



# **SUPPLEMENTAL INFORMATION**

# Yield Comparisons

## CY 2018 – CY2023

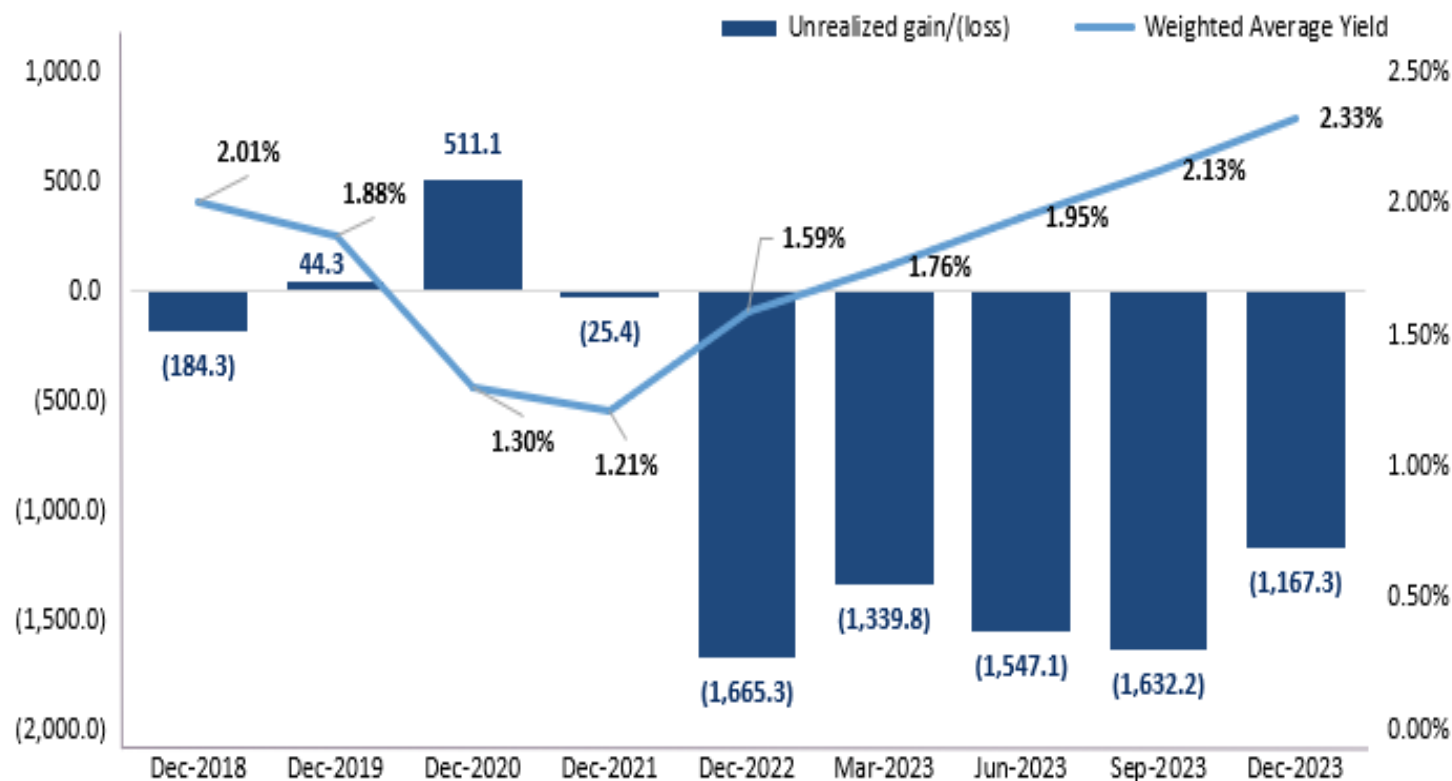




# Portfolio Unrealized Gain/(Loss)

## CY2018 – CY2023

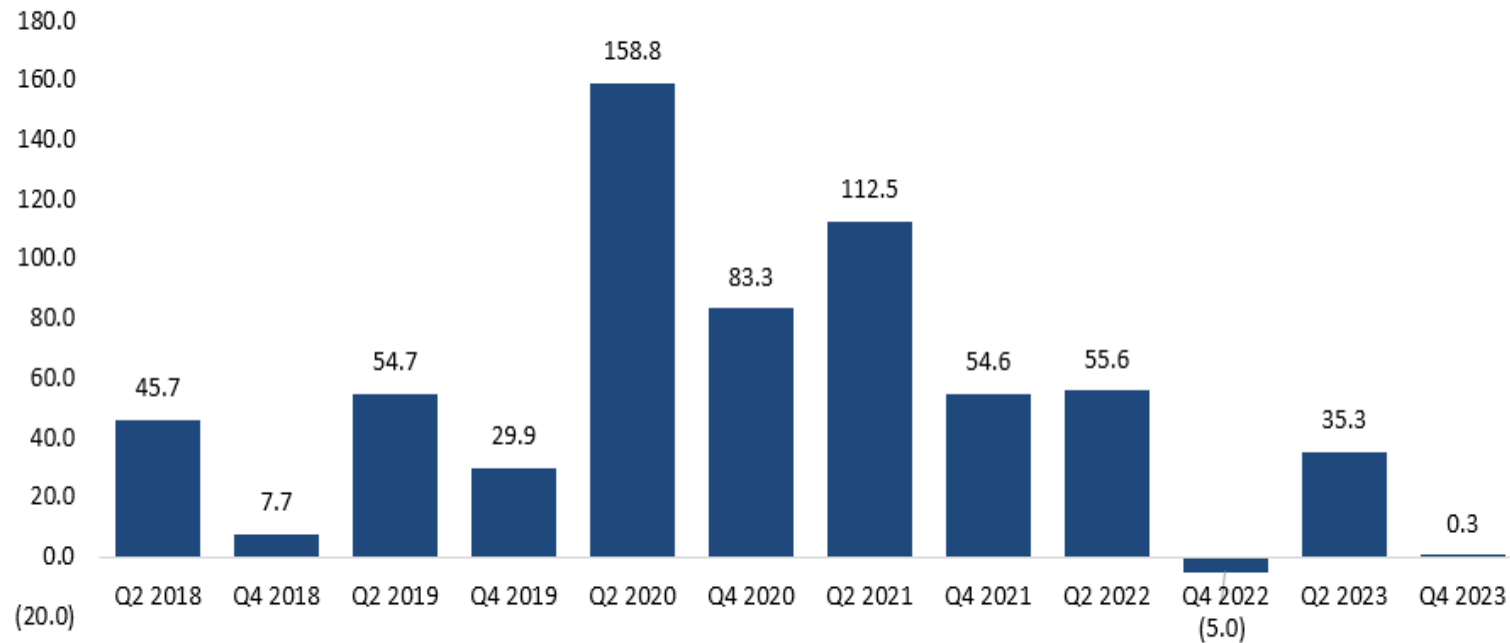
Unrealized Gain/ (Loss) on Investments (in millions)



# Change in Insured Shares

## CY2018 – CY2023

Change in Insured Shares (in billions)



|       | 2018   | 2019   | 2020   | 2021   | 2022   | Q2 2023 | Q4 2023 |
|-------|--------|--------|--------|--------|--------|---------|---------|
| Total | 1,141B | 1,226B | 1,468B | 1,635B | 1,685B | 1,721B  | 1,721B  |

# Quarterly Portfolio Activity

## December 31, 2023

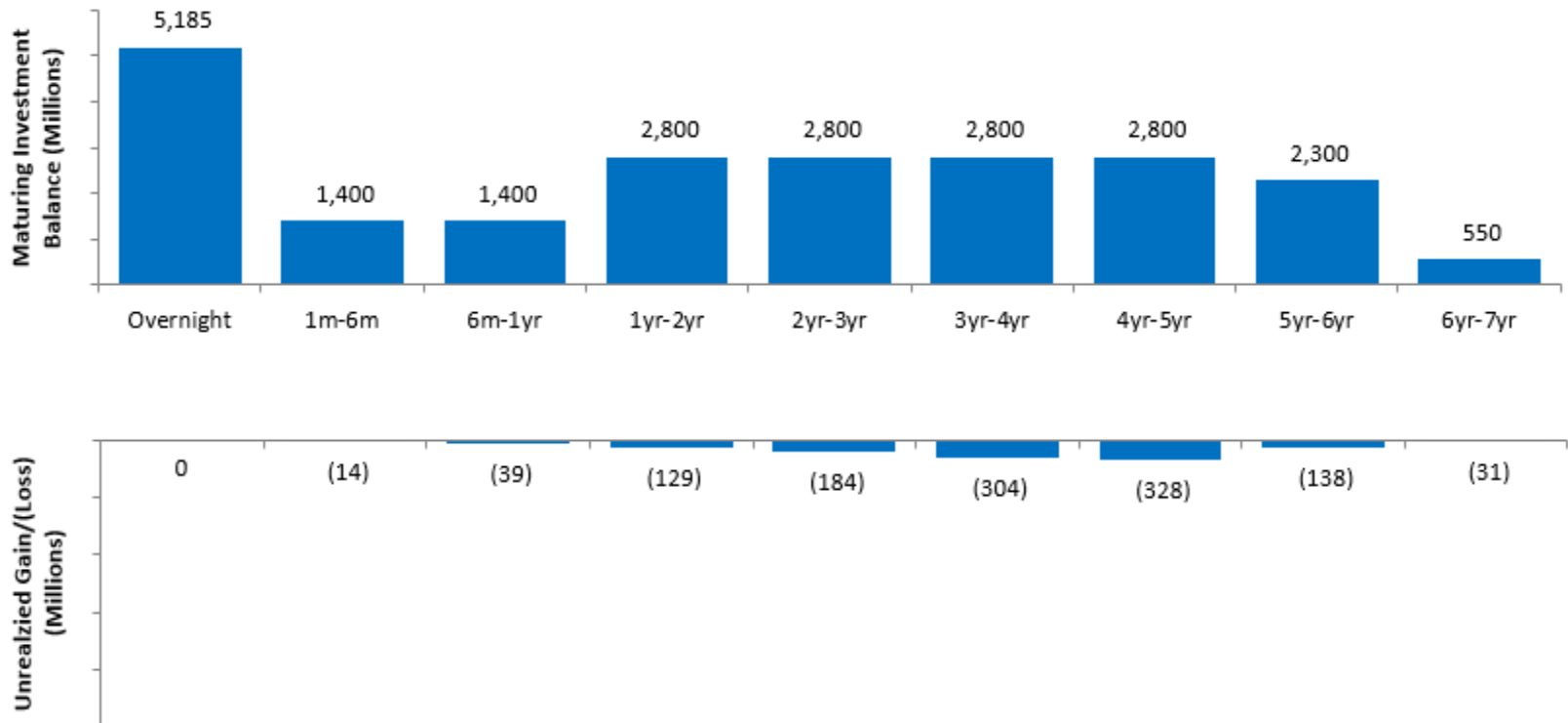
| I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE (In Dollars) |                          |                          |                           |                        |                        |
|---|--------------------------|--------------------------|---------------------------|------------------------|------------------------|
|   | Book Value               | Market Value             | Unrealized Gain or (Loss) | % Market to Book Value | Weighted Average Yield |
| Daily Treasury Account  | \$ 5,184,573,000         | \$ 5,184,573,000         | \$ -                      | 100.00%                | 5.42%                  |
| U.S. Treasury Notes   | 17,190,900,695           | 16,023,601,585           | (1,167,299,110)           | 93.21%                 | 1.40%                  |
| <b>Total</b>  | <b>\$ 22,375,473,695</b> | <b>\$ 21,208,174,585</b> | <b>\$ (1,167,299,110)</b> | <b>94.78%</b>          | <b>2.33%</b>           |
| II. INVESTMENT PORTFOLIO SUMMARY                              |                          |                          |                           |                        |                        |
|   | Last Month               | Current Month            | CY To Date                |                        |                        |
| Investment Yield  | 2.32%                    | 2.33%                    | 1.98%                     |                        |                        |
| Investment Income   | \$ 41,530,400            | \$ 44,361,977            | \$ 431,706,399            |                        |                        |
| Weighted Avg. Maturity in Days / (Years)                      | 870 (2.38)               | 846 (2.32)               |                           |                        |                        |
| III. QUARTERLY ACTIVITY FOR T-NOTES                           |                          |                          |                           |                        |                        |
| Purchased   | Amount                   | Maturity                 | Yield                     |                        |                        |
| None  |                          |                          |                           |                        |                        |
| Maturity  | Amount                   | Purchased                | Yield                     |                        |                        |
| 11/15/2023  | 700,000,000              | various                  | 0.15% to 2.24%            |                        |                        |

# Quarterly Portfolio Activity (continue)

## December 31, 2023

### IV. MATURITY SCHEDULE (par value in millions)

|                 |    |        |                              |    |         |
|-----------------|----|--------|------------------------------|----|---------|
| TOTAL PAR VALUE | \$ | 22,035 | TOTAL UNREALIZED GAIN/(LOSS) | \$ | (1,167) |
|-----------------|----|--------|------------------------------|----|---------|



# Current Investment Strategy

- Agency performance plan goal for 2023 was 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 the Investment Committee was increased from \$4.0 billion to \$5.5 billion in Q3 2023. Once the overnight target is met, the Committee will reconvene on the plan to invest in term investments.

# Statutory Authority for Investments

- **Title II §1783(c) of the Federal Credit Union Act addresses investment authorizations for the NCUSIF**
  - Board may authorize the Secretary of the Treasury to invest and reinvest such portions of the fund as the Board may determine are not needed for current operations.
  - 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:**
  - The required method for Federal Program Agencies to submit investment instructions is by using FedInvest. (Treasury Financial Manual, Part II, Section 4335.70)
  - 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

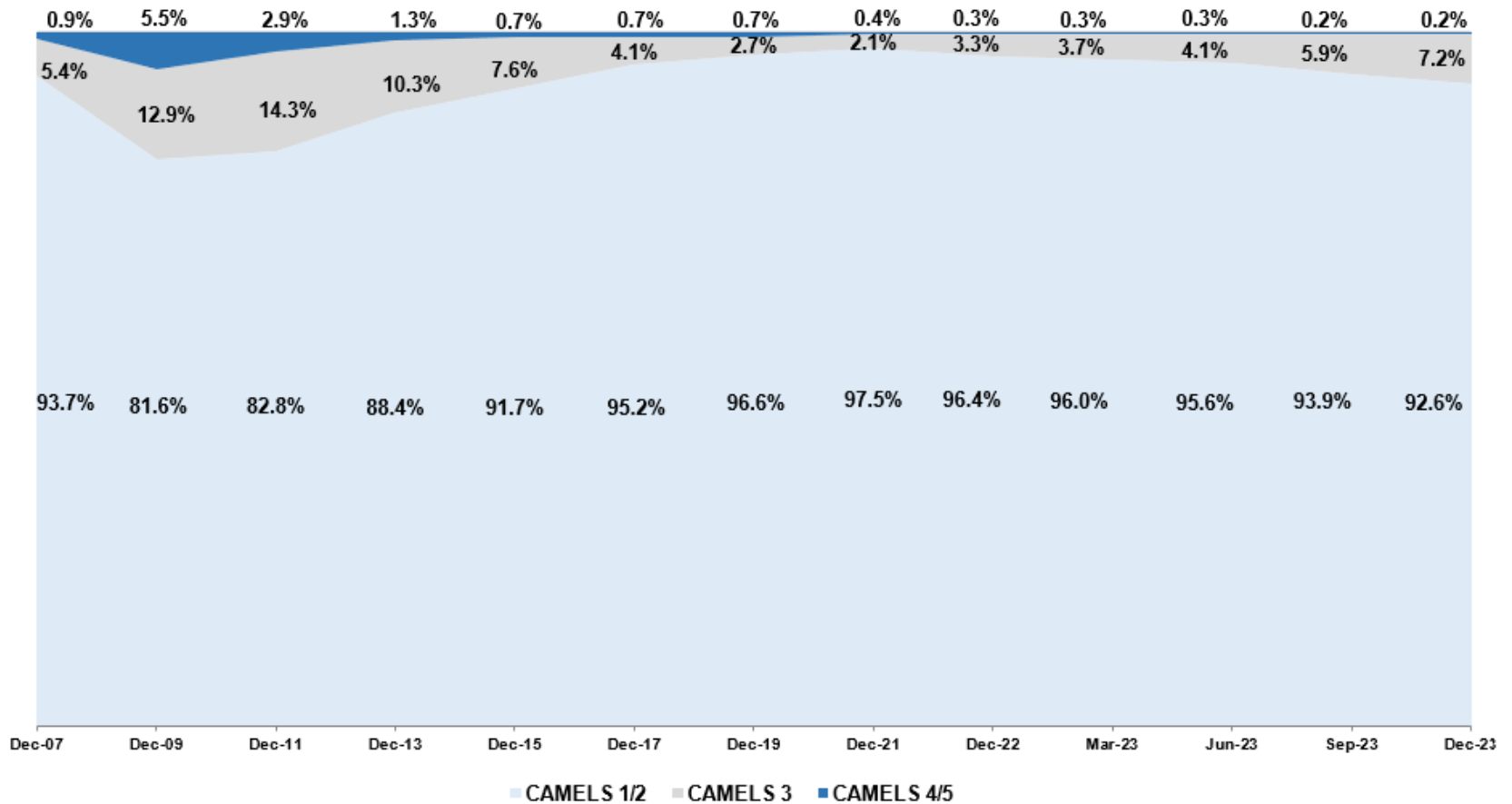
Department of Treasury policies govern investment of monies in Government Investment Accounts, and includes that:

- 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 – CY2023 \*



\*Areas are not to scale.