

Central Liquidity Facility



www.ncua.gov

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Anthony Cappetta: President, Central Liquidity Facility

The Central Liquidity Facility

The Central Liquidity Facility (CLF):

Improves the general financial stability of the credit union system by serving as a “back-up source” of liquidity for individual member credit unions and lending to the National Credit Union Share Insurance Fund if necessary.

The CLF plays an essential role in:

- Providing its members a liquidity backstop through advances, i.e., “loans”, during periods of financial crisis or uncertainty; and
- In meeting the requirements of the NCUA Regulation 741.12 Liquidity and Contingency Funding Plans which, in part, requires all NPCUs > \$250 million in assets to have access to a federal source of contingent liquidity.

To be a Regular Member of the CLF

A consumer credit union completes an application and subscribes to CLF capital stock in an amount of 0.5% of its paid-in and unimpaired capital and surplus.

The Central Liquidity Facility

Loans:

- Used to meet liquidity needs due to an unexpected loss in shares or non-member funds, unexpected surge of credit demands, or similar forces beyond the control of the credit union.
- Are not used to take advantage of a rate difference with alternative sources of funds, substitute for normal, short-term, interest-sensitive shares, or support a planned increase in loans or investment holdings or new special loan product offerings.

Types of loans¹:

- Short-term adjustment credit
- Seasonal credit
- Protracted adjustment credit

¹ 12 U.S. Code § 1795a

The Central Liquidity Facility

Upon receipt of a completed loan request, the CLF will:

- Underwrite the loan for creditworthiness¹ and liquidity needs²;
- Confer with supervisory authorities on borrower condition;
- Secure the loan with first-priority perfected interest in eligible collateral;
- Resolve potential inter-creditor conflicts through subordination agreements;
- Charge the higher of the Discount Window Primary Credit Rate or the Federal Financing Bank (FFB) rate on loan with same tenor;
- Work with borrowers to ensure primary liquidity access can be restored/resumed at maturity; and
- Transition the borrower to supervisory authorities (NCUSIF) if warranted.

¹ NCUA Regulations § 725(c)

² 12 U.S. Code § 1795e(a)(1)

CLF Member Liquidity Sources

Liquidity Source ¹	No. of CLF Members with Access	% of CLF Members with Access	Capacity (\$B)	Reported Draws (\$B)	Utilization
FHLBs	312	70%	\$70.5	\$13.89	19.7%
CCUs	389	87%	\$12.7	\$0.09	0.7%
FED-DWs	160	36%	\$22.8	\$0.05	0.2%
CLF	447	100%	\$22.7	\$0.00	0.0%
Total			\$128.7		13.2%

CLF Members have ample capacity and access to primary and backup sources of liquidity.

The categories of liquidity sources available to member credit unions include:

- Its balance sheet,
- Market sources - e.g., Federal Home Loan Banks (FHLBs) and Corporate Credit Unions (CCUs),
- Backup facilities - i.e., the Federal Reserve Bank – Discount Windows (FED-DWs) and the CLF

¹ CLF Members reported access to Corporates is determined by evidence of reported borrowing capacity in 5300 Call Report while FHLB and FRB access is based on Credit Union Profile response.

2025: Quarter 2 CLF Update



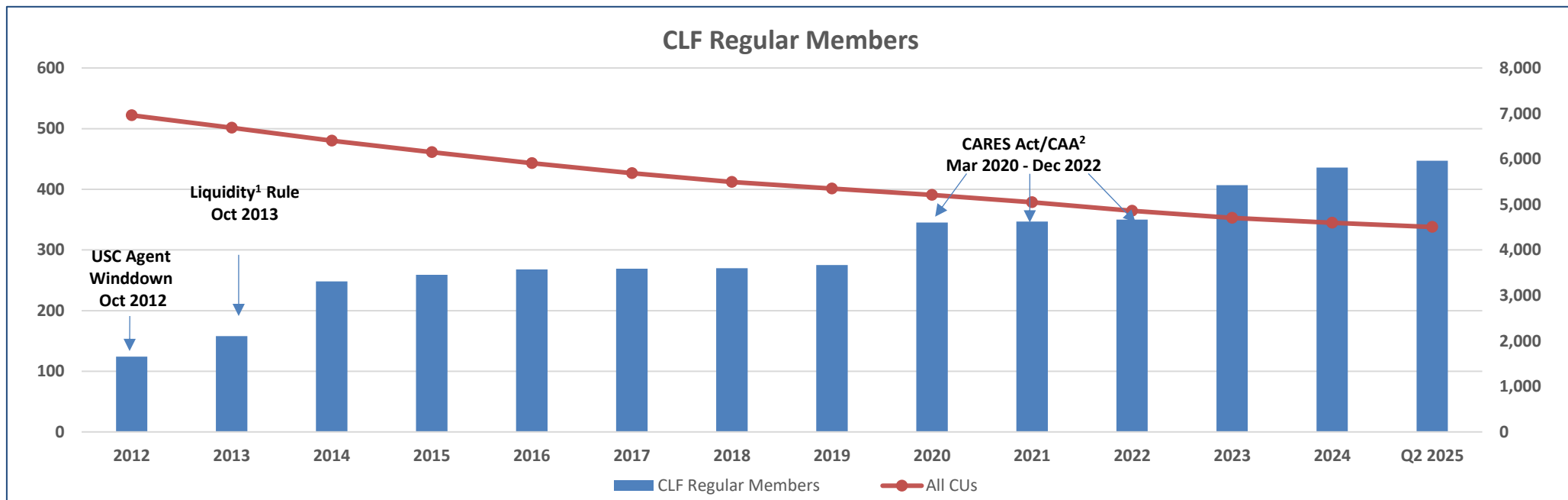
CLF Financial Highlights (2025 Q2)

As of June 30, 2025:

- **Total Membership: 447**
- **Total Assets: \$1.030 billion**
- **Borrowing Authority: \$22.7 billion**
- **Investment Income: \$20.1 million**
- **Dividends: \$16.4 million**
- **Net Income after Dividends: \$2.2 million**
- **Operating Expenses: \$0.95 million**
- **Retained Earnings: \$46.1 million**

CLF Membership

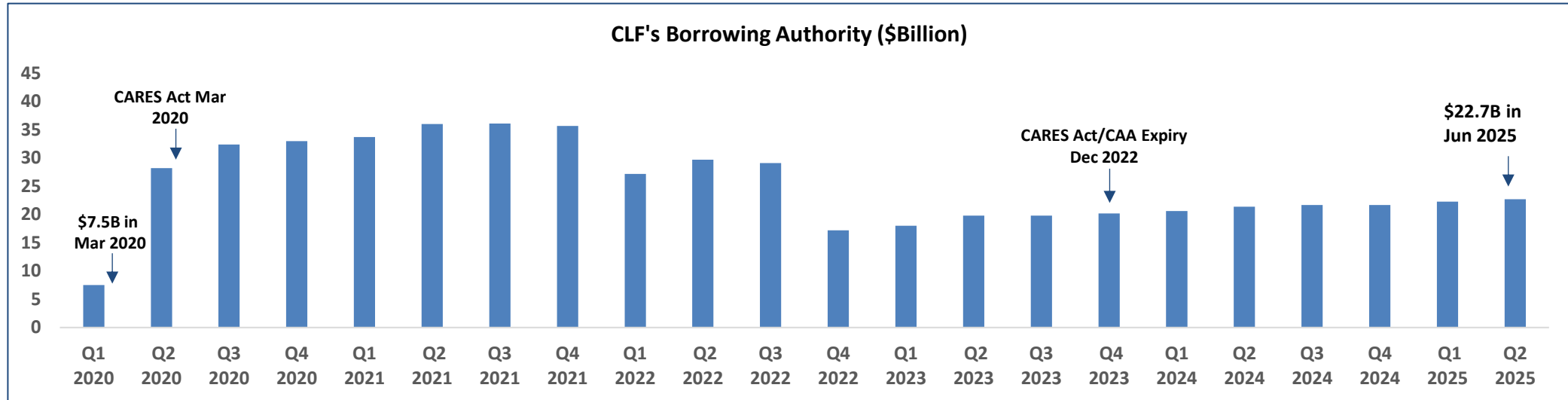
447 or approximately 10% of all credit unions are CLF members as of 2025 Quarter 2



¹ NCUA Regulation Part 741.12.

² The CARES Act and Consolidated Appropriations Act's ("CAA") remaining provisions expired 12/31/2022.

CLF Borrowing Authority



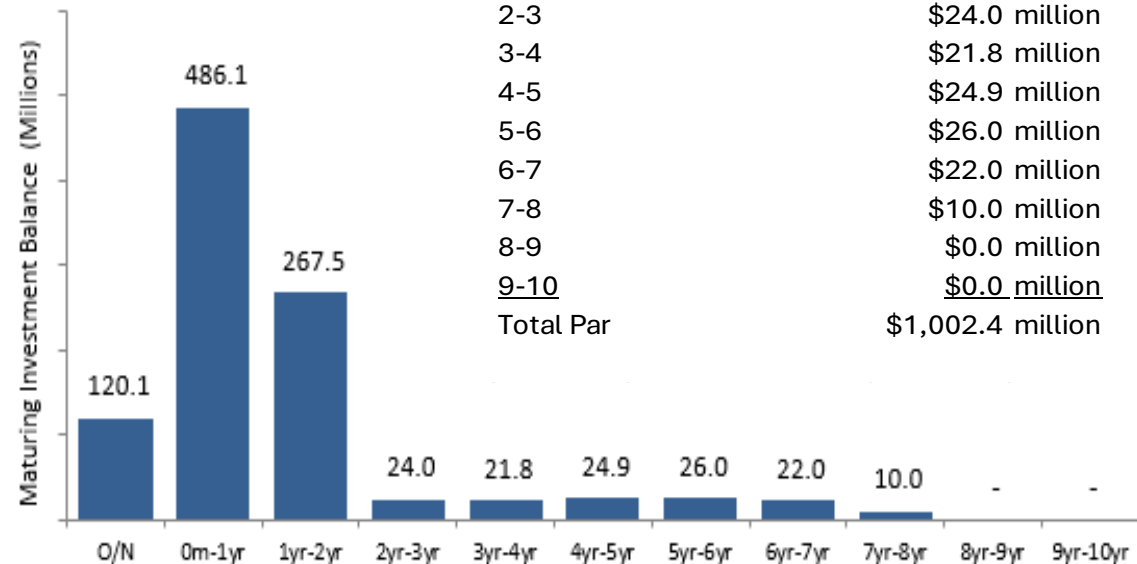
- Can borrow from any source up to 12x its subscribed capital stock and surplus to fund advances.¹
- Can advance funds to the NCUSIF² and, on a fully secured basis, to State CU share insurance corporations.³
- Has a Note Purchase Agreement (as amended) to borrow from the Federal Financing Bank (“FFB”).
- Has primarily funded member advances from its CLF operating account and the FFB, but generally CLF loans are match-funded with back-to-back advances from the FFB.

CLF Investments

- The CLF may invest in obligations of the U.S. or any agency thereof, to make deposits in federally insured financial institutions, and to make investments in shares or deposits of credit unions.¹
- The CLF investments portfolio is invested in non-callable U.S. Treasury Overnights, Bills, Notes, Floating Rate Notes and Bonds with a yield of 4.09%.

Book Value:	\$995.5 million
Market Value:	\$990.9 million
Book Yield:	4.09 percent
Weighted Average Maturity:	1.11 years
Retained Earnings:	\$47.2 million

Portfolio Statistics



Par Distribution by Maturity

0-1	\$606.2 million
1-2	\$267.5 million
2-3	\$24.0 million
3-4	\$21.8 million
4-5	\$24.9 million
5-6	\$26.0 million
6-7	\$22.0 million
7-8	\$10.0 million
8-9	\$0.0 million
9-10	\$0.0 million
Total Par	\$1,002.4 million

CLF Dividends

CLF members earned \$8.4M in dividends on their contributed capital for 2025 Q2 bringing the total YTD distributions to \$16.4M

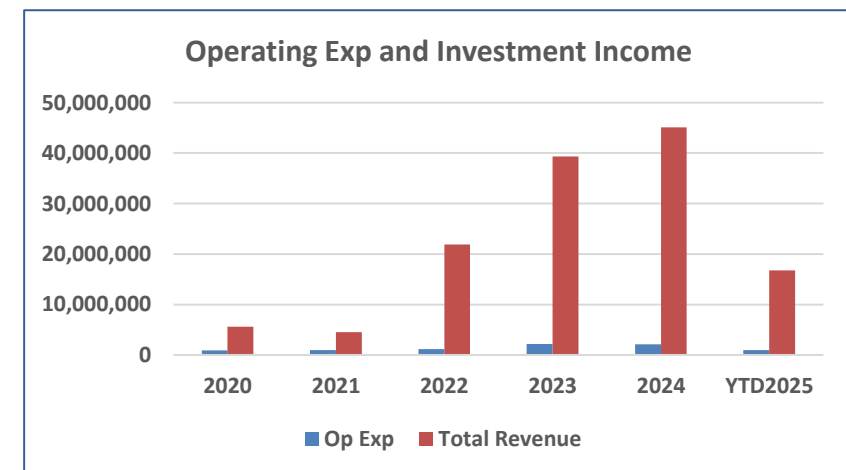
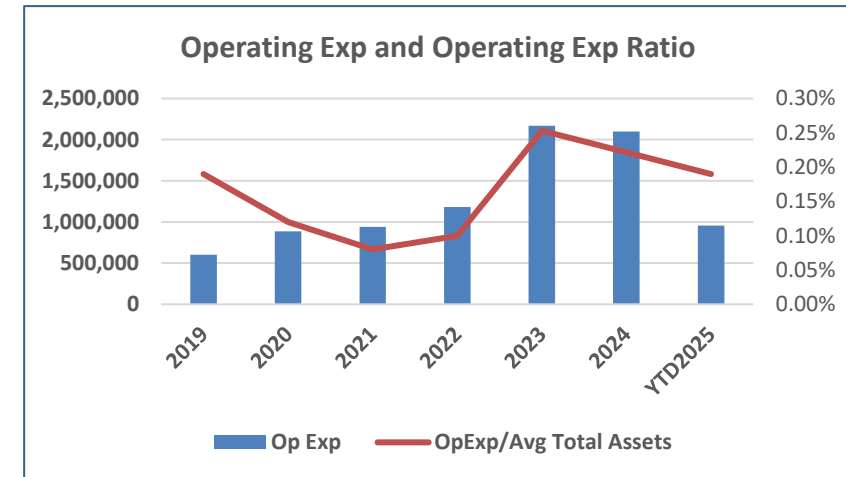
- Members receive a quarterly dividend on the paid-in portion of their capital stock.
- Dividends allow members to earn interest on their contributed capital.
- The dividend rate is administered as an ability-to-pay commitment; however, the CLF has always paid a dividend.
- The CLF pays dividends after covering expenses and meeting any retained earnings objectives which may reduce the dividend yield below the yield on investments.

DIVIDEND RATES:	2025	2024	2023
Dividend Rate First Quarter	3.65%	4.54%	4.13%
Dividend Rate Second Quarter	3.65%	4.56%	4.59%
Dividend Rate Third Quarter		4.46%	4.62%
Dividend Rate Fourth Quarter		3.90%	4.62%

CLF Operating Expenses

- The CLF is financially self-supporting and funded exclusively through earnings on investments in the CLF portfolio¹
- Budgeted 2025 operating expenses were 0.23% of average total assets or \$2.3M
- Year-to-date 2025 operating expenses are 0.19% of average total assets or \$0.95M — trending about 17% below budget

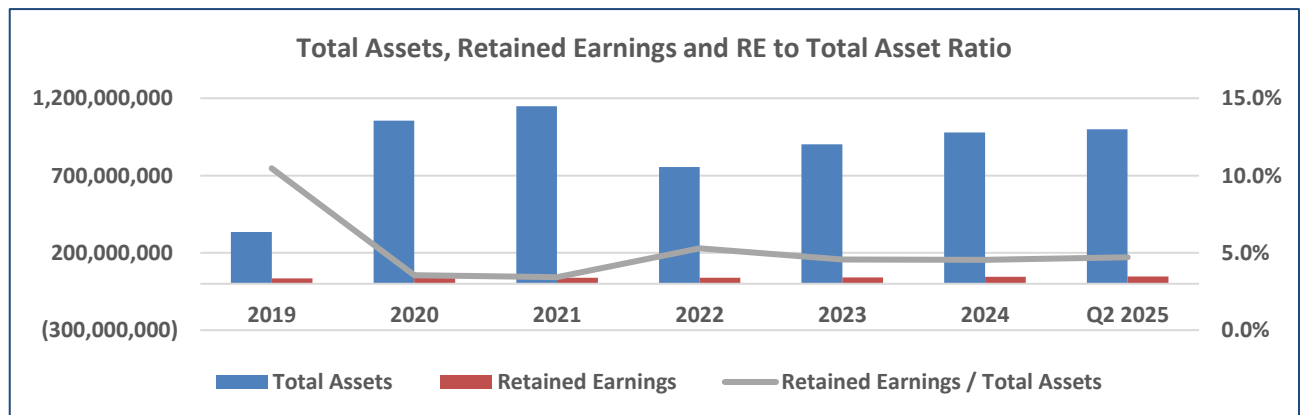
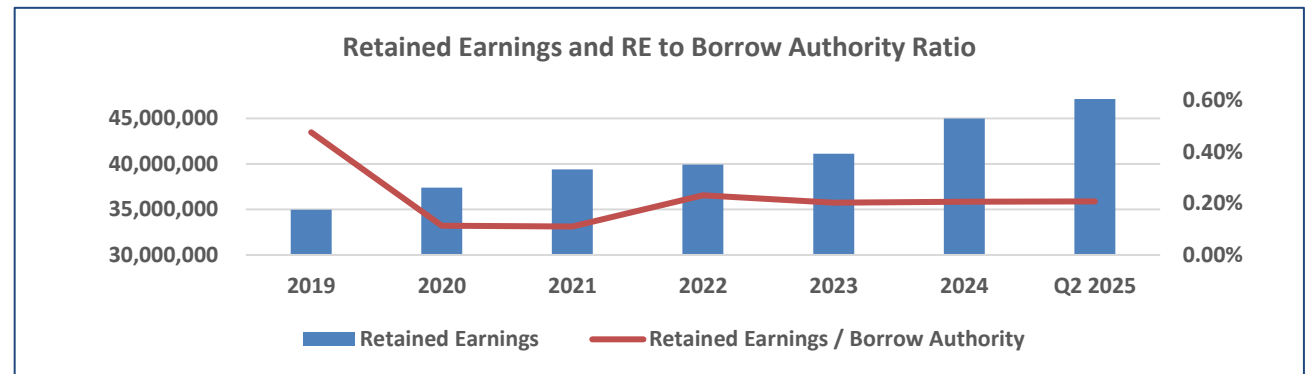
¹CLF advances do not materially impact earnings, as CLF loans reflect a loan rate based on facility costs.



CLF Retained Earnings

Support mitigation of risks
(interest rate, market, credit, and
operational) inherent in
operations

Provide a borrowing base
and support the cost of
operations



Looking Forward

- Monitor liquidity conditions
- Stakeholder outreach and communication
- Bolster and grow CLF membership to better serve member credit unions, the NCUSIF, and the system overall thereby increasing member access to liquidity
- Provide federal contingent liquidity when needed
- Exercise agreements with the correspondents to ensure the administrative and operational processes are functional in preparation to meet potential future loan demands

Contact Information

Central Liquidity Fund

<https://www.ncua.gov/support-services/central-liquidity-facility>

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A screenshot of the National Credit Union Administration (NCUA) website. The page is titled "Central Liquidity Facility" and provides detailed information about the facility. The header includes the NCUA logo and navigation links such as "About", "Regulation & Supervision", "Analysis", "Support Services", "Consumers", "News", and "Cybersecurity Resources". The main content area describes the facility's purpose, its history, and its role in providing liquidity to credit unions. It also includes a section for "Additional Information" with links to various documents and a "Contact" section with the facility's address and phone number. A "Central Liquidity Facility News" section at the bottom features recent updates and statements from the NCUA Board and Chairman.