



2025

NCUA

ANNUAL

REPORT



INDUSTRY AT A GLANCE

Prepared by the Office of External Affairs and Communications
For the year ending December 31, 2025

National Credit Union Administration
1775 Duke St., Alexandria, VA 22314-3418
Phone | (703) 518-6300 Website | www.ncua.gov
Consumer Website | www.MyCreditUnion.gov

General Industry Statistics

Federally Insured Credit Unions:	4,287
Members:	144.7 million
Total Assets:	\$2.43 trillion
Average Credit Union Assets:	\$568 million
Return on Average Assets:	79 basis points
Total Insured Shares and Deposits:	\$1.86 trillion
Net Income (Year-to-Date, Annualized):	\$18.8 billion
Net Worth Ratio:	11.31%
Average Shares per Member:	\$14,288

Loans

Total Loans:	\$1.72 trillion
Average Loan Balance:	\$19,397
Loan-to-Share Ratio:	83.2%
Mortgages/Real Estate:	57.3%
Auto Loans:	27.9%
Unsecured Credit Cards:	5.1%
Delinquency Rate:	103 basis points

Additional information on these key metrics can be found in the [Appendix](#) of this report.

NCUA makes the complete details of its quarterly Call Report data available online in an Aggregate Financial Performance Report, as well as a Call Report Data Summary at: <https://www.ncua.gov/analysis/credit-union-corporate-call-report-data/quarterly-data>.

National Credit Union Share Insurance Fund

Member deposits insured up to \$250,000	
Total Share Insurance Fund Assets:	\$24.1 billion
NCUSIF Reserves:	\$234.0 million
Equity Ratio:	1.30%
Insurance Loss Expense (Reduction):	\$4.9 million
Net Income:	\$375.9 million
Failed Federally Insured Credit Unions: (year-to-date)	6

NCUA's 2022–2026 Strategic Goals

- Ensure a safe, sound, and viable system of cooperative credit that protects consumers.
- Improve the financial well-being of individuals and communities through access to affordable and equitable financial products and services.
- Maximize organizational performance to enable mission success.

NCUA is the independent federal agency created by the U.S. Congress to regulate, charter and supervise federal credit unions. With the backing of the full faith and credit of the United States, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions. At MyCreditUnion.gov, NCUA also educates the public on consumer protection and financial literacy issues.

"Protecting credit unions and the consumers who own them through effective regulation."

NCUA Facts

Chairman: Kyle S. Hauptman

2025 Operating Budget: \$382.3 million

● Eastern Region

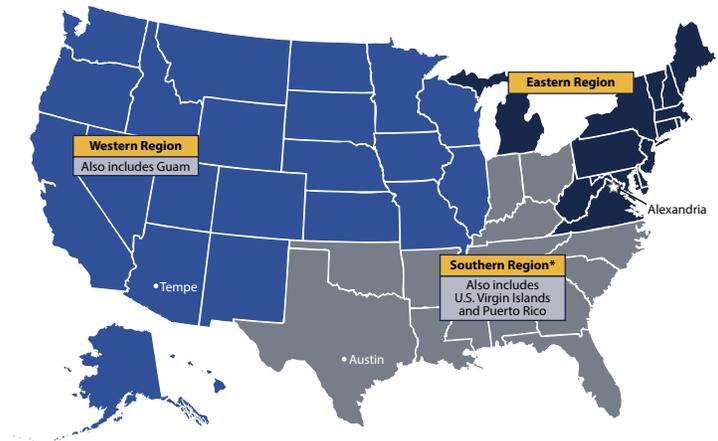
CT, DE, DC, ME, MD, MA, MI, NH, NJ, NY, PA, RI, VT, VA, WV
Director: John Kutchev, (703) 519-4600

● Southern Region

AL, AR, FL, GA, IN, KY, LA, MS, NC, OH, OK, PR, SC, TN, TX, VI
Acting Director: Cory Phariss, (512) 342-5600

● Western Region

AK, AZ, CA, CO, GU, HI, ID, IL, IA, KS, MN, MO, MT, NE, NV, NM, ND, OR, SD, UT, WA, WI, WY
Director: Julie Cayse, (602) 302-6000



MAP KEY ● Eastern Region ● Southern Region
● Western Region ☆ Central Office

About this Report

The National Credit Union Administration's (NCUA) *2025 Annual Report* (also referred to as the Performance and Accountability Report) provides financial and high-level performance results for the agency and demonstrates to the President, Congress, and the public the agency's commitment to its mission and accountability over the resources entrusted to it.

The *2025 Annual Report* focuses on NCUA's strategic goals and performance results and details the agency's major regulatory and policy initiatives, activities, and accomplishments during the January 1, 2025, through December 31, 2025 reporting period. It also contains financial statements and audit information for the four funds NCUA administers: the National Credit Union Share Insurance Fund, the NCUA Operating Fund, the Central Liquidity Facility, and the Community Development Revolving Loan Fund.

This report and prior NCUA annual reports are available on NCUA's website at <https://ncua.gov/news/publications-reports>.

To comment on this report, email oeacmail@ncua.gov.

NCUA is committed to providing an excellent user experience to all individuals, including persons with disabilities. If you require an accommodation to access information found in this report, contact Section508@NCUA.gov to request one. Please visit NCUA's Accessibility Statement for additional information at <https://ncua.gov/accessibility>.

Certificate of Excellence in Accountability Reporting

NCUA won the prestigious Certificate of Excellence in Accountability Reporting award from the AGA for its *2024 Annual Report*.



How this Report is Organized

The *2025 Annual Report* begins with a message from the NCUA Chairman. This introduction is then followed by six main sections:

Management's Discussion and Analysis

The **Management's Discussion and Analysis** section provides an overview of NCUA's performance and financial information. It includes a brief summary of the agency's mission and describes the agency's organizational structure and office functions. This section highlights challenges, accomplishments, and results in key performance programs in 2025. The section also highlights the agency's financial results and provides management's assurances on NCUA's internal controls.

Performance Results

The **Performance Results** section contains information on the agency's strategic goals, and it details NCUA's performance results and challenges during the calendar year.

Financial Information

The **Financial Information** section begins with a message from the Chief Financial Officer, and details the agency's finances, including NCUA's four funds. It also includes the audit transmittal letter and management challenges from the Inspector General, the independent auditors' reports, and the audited financial statements and notes.

Other Information

The **Other Information** section includes a summary of the results of the agency's financial statement audit and management assurances, the NCUA Inspector General's assessment of the most serious management and performance challenges facing the agency, payment integrity reporting details, and information on its civil monetary penalties.

Statistical Data

The **Statistical Data** section contains an overview of the credit union system's financial performance in 2025, as well as data on trends affecting the National Credit Union Share Insurance Fund and all federally insured credit unions.

Appendix

The **Appendix** contains biographic information for the agency's senior leadership and information about the functions of each NCUA office and region. In addition, you will find a glossary of key terms and acronyms, as well as a list of hyperlinks to additional information that appears in this report.

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Message from the Chairman



Kyle S. Hauptman
NCUA Board Chairman

On behalf of the National Credit Union Administration (NCUA), I am pleased to present our 2025 Annual Report.

As required by the Federal Credit Union Act,¹ this report reviews the agency's performance in 2025 and includes the audited financial statements for NCUA's four funds:

- the National Credit Union Share Insurance Fund,
- the NCUA Operating Fund,
- the Central Liquidity Facility; and
- the Community Development Revolving Loan Fund.

Each of these funds received an unmodified, or "clean," audit opinion and reported no material weaknesses. The financial and performance data contained in this report are reliable, complete, and consistent with the Office of Management and Budget circulars A-11, A-123, and A-136, as applicable.²

NCUA's mission is to enable access to financial services by facilitating safe, sound, and resilient credit unions. The agency insures members' share deposits at federally insured credit unions and safeguards the National Credit Union Share Insurance Fund from losses.

Although NCUA continues to closely monitor some indicators of potential stresses on credit union performance — including an increase in loan portfolio delinquencies — the credit union system overall remained strong in 2025. The Share Insurance Fund, which provides insurance coverage of up to \$250,000 for individual accounts at federally insured credit unions, and the credit union system remained well-capitalized with sufficient liquidity throughout 2025.

Summarized on the next page are NCUA's more notable accomplishments in 2025, along with its priorities in 2026.

¹ 12 U.S.C. 1752a(d)

² See OMB Circulars A-11, A-123, and A-136.

Reorganization

On February 11, 2025, President Trump issued Executive Order (EO) 14210, “Implementing the President’s Department of Government Efficiency Workforce Optimization Initiative,” which directed all federal agencies to evaluate their organizational structures and implement workforce optimization measures.

NCUA conducted a baseline review of its organizational structure as of January 20, 2025, and established workforce reduction and structural realignment goals. By the end of 2025, the agency achieved a 23 percent reduction in headcount through a voluntary separation program.

Moving forward, NCUA remains focused on our statutory requirements and the mission critical work, which will impact the organizational end state. We are focused on the long-term success of the agency and the credit unions we protect and serve.

GENIUS Act Implementation

On July 18, 2025, President Trump signed the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act into law (P.L. 119-27). The GENIUS Act requires the development of a regulatory framework for payment stablecoins and provides pathways for regulation at both the federal and state levels.

In 2025, NCUA completed substantial work to implement the GENIUS Act and is committed to meeting all of the deadlines established by law. The agency is also coordinating implementation with the other primary federal payment stablecoin regulators.

When it comes to rapidly evolving technology, it is always challenging to strike the right balance between risk aversion and optimism. However, NCUA views implementation of the GENIUS Act as a significant opportunity for the future of the credit union movement and this focus will remain central to our work in 2026.

Enhancing the Clarity and Efficiency of the Exam and Supervision Program

A clear and efficient examination program is one in which all parties understand the requirements, conclusions, and findings. Consistent with this view, in 2025, the agency revised its Document Request List processes to ensure that the agency remains risk-focused while reducing unnecessary burden on credit unions.

NCUA also modified the exam scheduling policy to extend the exam cycle for well-run credit unions. As a result, the time between completion and start date for exams of some well-run credit unions could be 24 months.

NCUA also changed how we approach risk ratings and reputational risk. Consistent with EO 14331, “Guaranteeing Fair Banking for All Americans,” the agency ceased using or

referring to reputation risk. As a result, NCUA employees no longer base supervisory concerns on reputation risk. Also, NCUA has discontinued the practice of assigning ratings to the Risk Categories (also referred to as Risk Areas) for the examination and supervision program.

Moreover, the agency recognizes that it must avoid both the perception and the reality of regulation through enforcement. I published a “No Regulation-by-Enforcement” policy statement in which I clarify that NCUA enforcement actions shall only occur in the case of clear or significant violations of law or regulation. NCUA is committed to holding credit unions to established, statutory and regulatory requirements in a fair and transparent manner.

Developing and Implementing an Easy-to-Navigate Regulatory Framework for Current and Future Credit Unions

In 2025, NCUA, along with other federal agencies, began a major initiative to review, and revise, as appropriate, all its regulations. This review follows EO 14192, “Unleashing Prosperity Through Deregulation.”

In 2026 and beyond, NCUA’s mission is to enable access to financial services by facilitating safe, sound, and resilient credit unions. With public input, NCUA is reviewing all existing regulations to ensure that the regulations documented in Title 12, Chapter VII of the Code of Federal Regulations are focused on the safety, soundness, or resilience of credit unions.

The process of reviewing regulations, policies, and procedures to ensure NCUA is focused on fulfilling its mission and statutory requirements is a significant change for the agency, and one that entails major internal adjustments that will enable NCUA to get back to basics with regulations, policies, and risk-focused exams while also protecting the Share Insurance Fund. Reducing unnecessary regulatory burdens and removing obsolete provisions will also create new opportunities for NCUA to be more innovative, efficient, and forward-thinking in achieving its mission.

Other Highlights

Other highlights of 2025 include the chartering of three new credit unions: Heritage Hub Federal Credit Union in Houston, Texas, African Diaspora Federal Credit Union in St. Louis, Missouri, and Haven Federal Credit Union in Santa Clara, California. NCUA also released Valwood Park Federal Credit Union in Carrollton, Texas from conservatorship, returning control to its member owners. Such actions well reflect the strength and resilience of the credit union system.

Closing Thoughts

In sum, 2025 was a significant chapter in NCUA's history as well as an extraordinary year of progress and achievement. The work completed across the agency reflected a deliberate focus on thoughtful decision-making, transparency, and accountability to credit unions and their members.

Looking ahead, NCUA will continue working with its stakeholders to enhance the credit union system through innovation, transparency, and a regulatory structure that allows credit unions to meet the evolving financial needs of families and businesses across America. In doing so, I am confident that NCUA will emerge as a stronger, more effective agency that well serves its mission and America's 145 million credit union members.

Kyle S. Hauptman

Kyle S. Hauptman
Chairman

National Credit Union Administration

Management's Discussion and Analysis (Unaudited)

About the Management's Discussion and Analysis Section

NCUA enhanced the content quality, report layout, and public accessibility of the *2025 Annual Report* by improving graphics and providing more useful and easily understood information about NCUA's programs, financial condition, and performance. Hyperlinks to relevant web content are embedded in the body of the report to provide additional information about NCUA's programs. To take advantage of these links, NCUA recommends accessing this report through the agency's [website](#).

This section highlights information on NCUA's performance, financial statements, systems and controls, and compliance with laws and regulations.

NCUA in Brief

The NCUA in Brief provides information about NCUA's mission and describes the agency's organizational structure. The full list of offices with a description by function can be found in the [Appendix](#) of this report.

Year in Review

The Year in Review highlights challenges, accomplishments, and performance results in key programs in 2025.

Performance Highlights

The Performance Highlights section provides a brief summary of NCUA's performance goals and results for 2025. Additional information can be found in the [Performance Results](#) section of the report.

Financial Highlights

The Financial Highlights section provides a high-level perspective of NCUA's financial results, position, and condition. Additional information for NCUA's four funds can be found in the [Financial Information](#) section of the report.

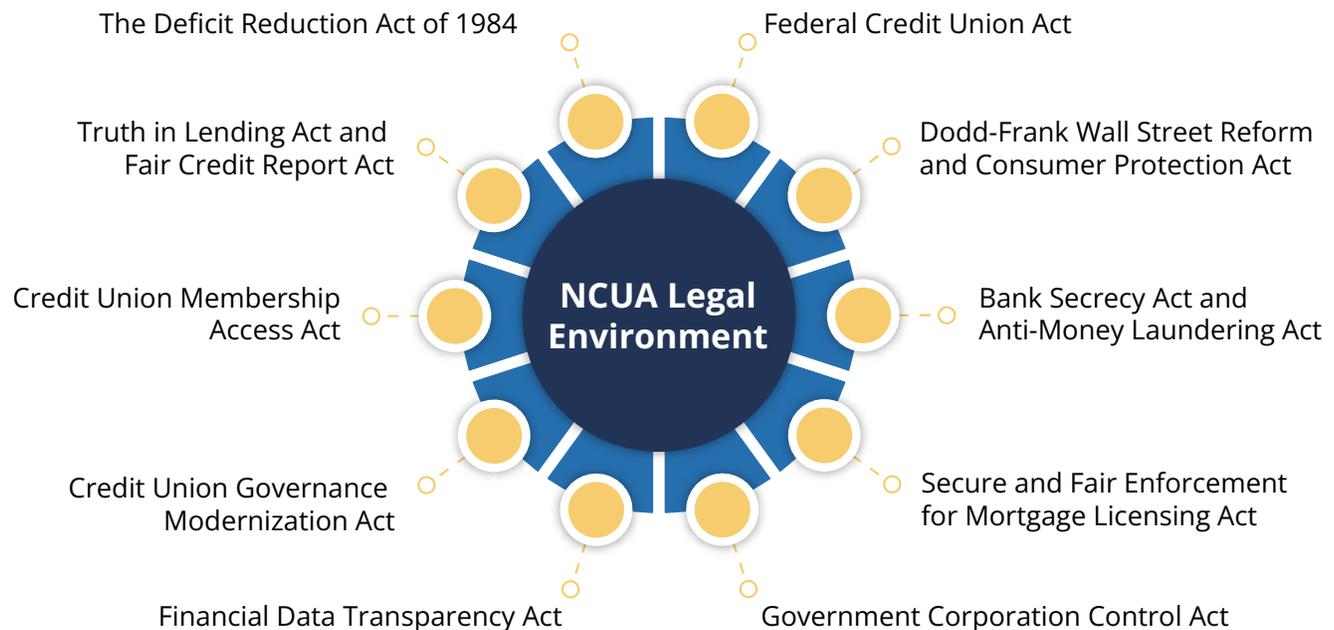
Analysis of Systems, Control, and Legal Compliance

The Analysis of Systems, Control, and Legal Compliance section provides management assurances related to the Federal Managers' Financial Integrity Act. NCUA's internal control framework and its assessment of controls, in accordance with Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, provide assurance to NCUA leadership and external stakeholders that financial data produced by NCUA's business and financial processes and systems are complete, accurate, and reliable.

NCUA in Brief

Created by the U.S. Congress in 1970, NCUA is an independent federal agency that insures deposits at federally insured credit unions, protects the members who own credit unions, charters and regulates federal credit unions, and promotes widespread financial education and consumer protection. NCUA protects the safety and soundness of the credit union system by identifying, monitoring, and reducing risks to the National Credit Union Share Insurance Fund. Backed by the full faith and credit of the United States, the Share Insurance Fund provides up to \$250,000 of federal share insurance to more than 144.7 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions. No credit union member has ever lost a penny of share deposits insured by the Share Insurance Fund.

NCUA must comply with several statutory obligations as it executes its mission to protect the system of cooperative credit and its member-owners through effective chartering, supervision, regulation, and insurance. A non-exhaustive list of relevant federal laws that define the NCUA operating environment is included in the graphic below. Additional information on these laws can be found in the [Appendix](#) of this report.



A three-member Board of Directors oversees NCUA's operations by setting policy, approving budgets, and adopting rules.¹ Besides the Share Insurance Fund, NCUA

¹ Each Board Member is appointed by the President and confirmed by the Senate. The President also designates the Chairman of the NCUA Board. No more than two Board members can be from the same political party, and each member serves a staggered six-year term.

What is a Credit Union?

A credit union is a not-for-profit financial institution that accepts deposits, make loans, and provides a wide array of other financial services and products. Deposits are insured by the National Credit Union Share Insurance Fund up to \$250,000.

Although they offer many of the same products and services as other financial institutions, credit unions have some distinguishing characteristics that make them unique:



Member-owned

Credit unions are owned and controlled by the people, or members, who use their services. A volunteer board of directors is elected by members to manage a credit union.



Not-For-Profit

Profits made by credit unions are returned back to members in the form of reduced fees, higher savings rates, and lower loan rates.



Membership

Members of a credit union share a common bond, also known as the credit union's "field of membership". You may be able to join based on your:

- Employer
- Family
- Geographic Location
- Membership in a Group



Cooperative

The cooperative structure of credit unions creates a cycle of mutual assistance. One member's savings becomes another member's loan.

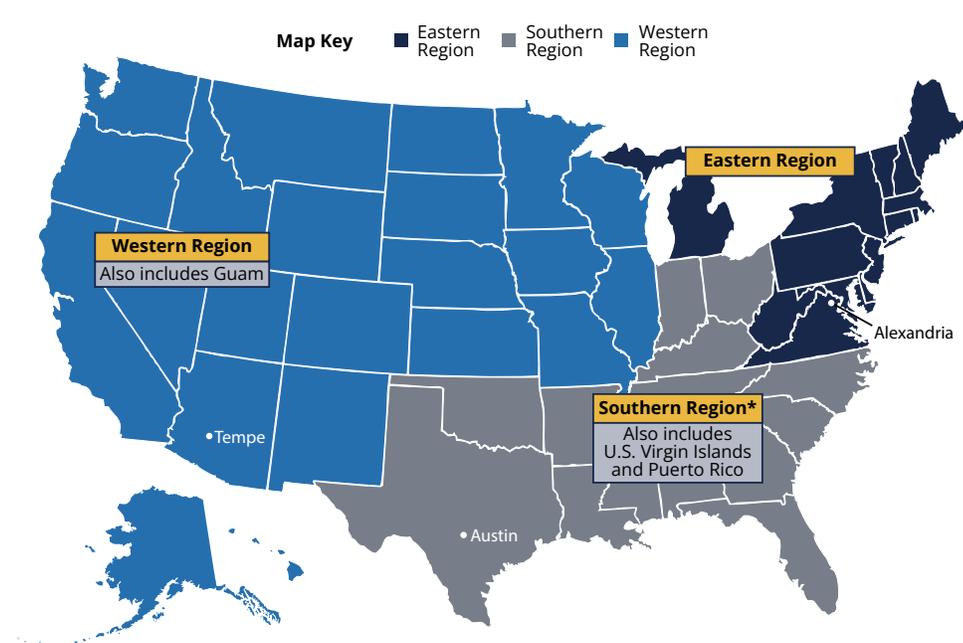
operates three other funds: the NCUA Operating Fund, the Central Liquidity Facility (CLF), and the Community Development Revolving Loan Fund. The NCUA Operating Fund, in conjunction with the Share Insurance Fund, finances the agency's operations.

The CLF is a contingent federal liquidity source, owned by its member credit unions and administered by the NCUA Board, which serves as a back-up lender to credit unions to meet unexpected liquidity needs when funds are unavailable from standard credit sources. NCUA's Community Development Revolving Loan Fund provides loans and grants to low-income designated credit unions.

As detailed in the [2022–2026 Strategic Plan](#), NCUA's strategic goals in 2025 were to:

- Ensure a safe, sound, and viable system of cooperative credit that protects consumers
- Improve the financial well-being of individuals and communities through access to affordable and equitable financial products and services
- Maximize organizational performance to enable mission success

NCUA also plays a role in helping to ensure broader financial stability as a member of the Federal Financial Institutions Examination Council and the Financial and Banking Information Infrastructure Committee. NCUA's Chairman is also a voting member of the Financial Stability Oversight Council, an interagency body tasked with identifying and responding to emerging risks and threats to the financial system.



The agency operates its headquarters in Alexandria, Virginia, its Asset Management and Assistance Center (AMAC) in Austin, Texas, and three regional offices — Eastern, Southern, and Western. AMAC liquidates credit unions and recovers assets. The regional offices carry out the agency's

supervision and examination program, along with the Office of National Examinations and Supervision (ONES). ONES oversees large credit unions with more than \$15 billion in assets as well as corporate credit unions. NCUA has credit union examiners who

report to the three regional offices and ONES and are responsible for a portfolio of credit unions covering all 50 states, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands.

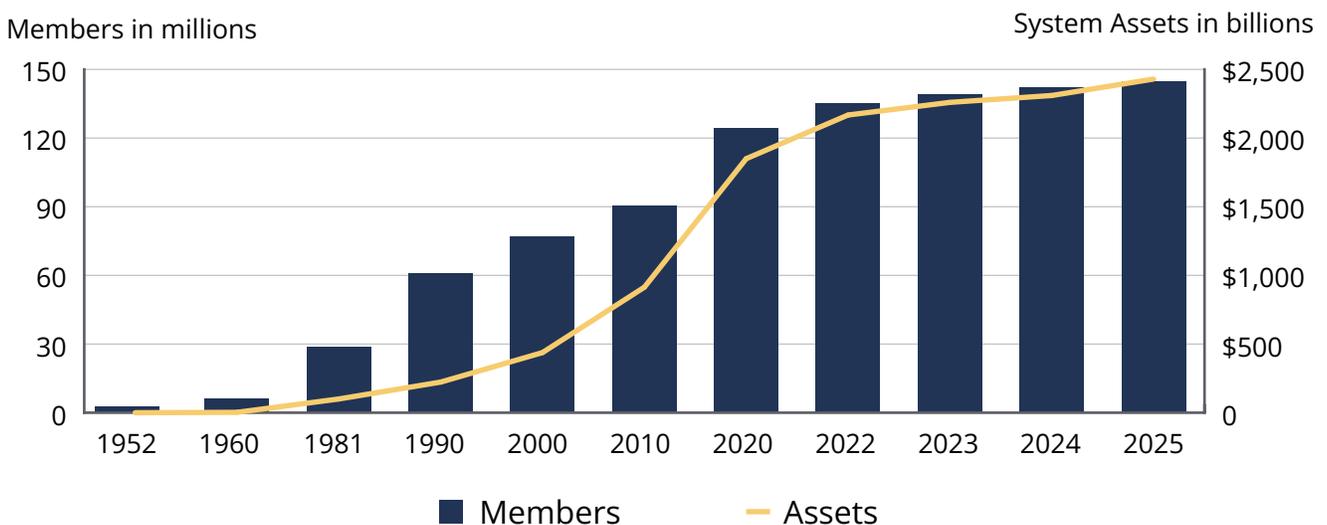
NCUA’s History

For more than 100 years, credit unions have provided financial services to their members in the United States. Credit unions are unique depository institutions created not for profit, but to serve their members as cooperatives. On June 26, 1934, President Franklin Delano Roosevelt signed the **Federal Credit Union Act** into law, which created the system of federally chartered credit unions that exists today. The purpose of the federal law was to make credit available to Americans and promote thrift through a national system of nonprofit, cooperative credit unions.

By the 1970s, the credit union industry had grown rapidly, both in terms of institutions and members. That rapid growth called for independent oversight and leadership. As a result, Congress created NCUA as an independent regulatory body. For more than 50 years, NCUA has maintained the safety and soundness of federally insured credit unions, and the National Credit Union Share Insurance Fund. As a result, millions of Americans can confidently entrust their savings and financial well-being to our nation’s cooperative credit system.

As of December 31, 2025, NCUA was responsible for the regulation and supervision of 4,287 federally insured credit unions. Together, these institutions had more than 144.7 million members and approximately \$2.43 trillion in assets across all states and U.S. territories.

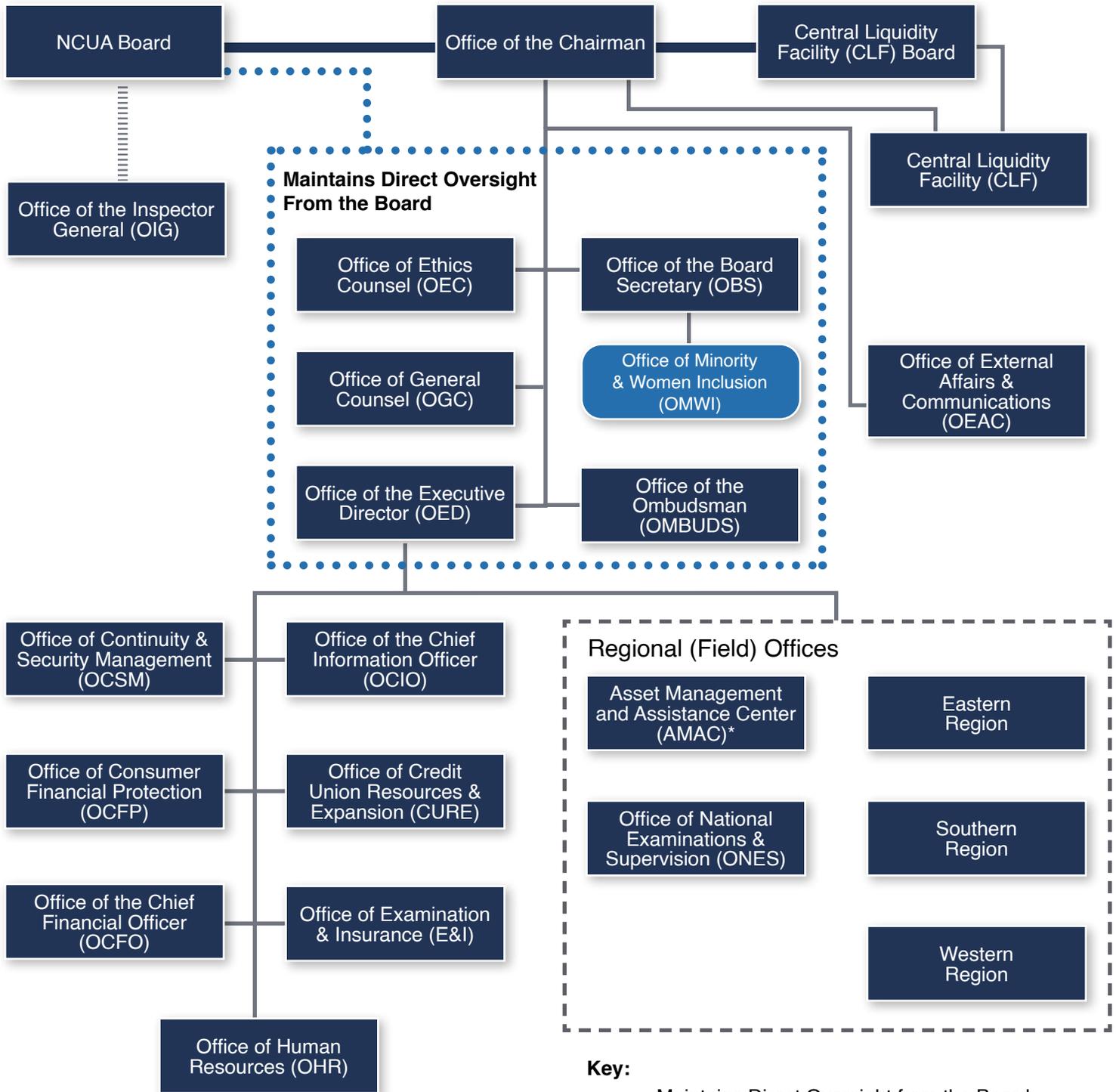
Growth in Credit Union Members and Credit Union Systems Assets





National Credit Union Administration Organizational Chart

As of December 31, 2025



Key:

- Maintains Direct Oversight from the Board
- Regional (Field) Offices
- ||||| Independent Reporting Relationship

*AMAC is a hybrid Central Office/ Regional (Field)Office

Year in Review

During 2025, the credit union system remained strong and able to support members. By December 2025, credit union membership grew to more than 144.7 million members, assets in the credit union system increased to \$2.43 trillion, and the system's aggregate net worth ratio stood at 11.31 percent, well above the 7 percent statutory threshold for being considered well-capitalized.

NCUA has been closely monitoring some indicators of potential stressors related to credit union performance, including an increase in loan portfolio delinquencies. However, credit unions have been able to support their member's borrowing needs, which is documented in data on credit union mortgage lending. Credit union mortgage lending strengthened over the year as credit unions have successfully grown their mortgage loan books relative to other lenders.

In 2025, NCUA and its workforce effectively ensured and sustained conditions for a safe and sound credit union system and National Credit Union Share Insurance Fund (Share Insurance Fund). The following is a discussion of NCUA's significant activities in 2025, as outlined in the [2022–2026 Strategic Plan](#), as well as some of the anticipated challenges facing the credit union system and NCUA. This report's [Performance Results](#) section provides additional information about how the agency met its strategic goals and objectives.

Ensuring a Safe, Sound, and Viable System of Cooperative Credit that Protects Consumers

The Federal Credit Union Act authorizes the NCUA Board to oversee America's credit union system and administer the Share Insurance Fund. NCUA also has statutory responsibility for supervising and enforcing laws and regulations that protect all members of federally insured credit unions.

Maintaining a Financially Sound Share Insurance Fund

NCUA maintains a financially sound Share Insurance Fund to protect credit union members against unexpected losses from failed credit unions and to maintain public confidence. The agency's examination program focuses on the areas that pose the highest risk to the credit union system and the Share Insurance Fund.

NCUA follows a risk-focused examination process that can be tailored based on the credit union's size and risk profile. For most small federal credit unions with less than \$50 million in total assets and CAMELS ratings of 1, 2, or 3, NCUA follows its Small Credit Union Examination Program. This program offers such credit unions a streamlined examination focusing on the most relevant areas of risk in these types of institutions.

What is the CAMELS Rating System?

The **CAMELS** rating system is based on an evaluation of six critical elements of a credit union's operations. It considers and reflects all significant financial, operational, and management factors examiners assess in their evaluation of a credit union's performance and risk profile. Examiners assign a numeric rating between 1 (strongest) and 5 (weakest) to each of the CAMELS components based on their evaluation of six critical elements of a credit union's operations throughout an exam:

Capital Adequacy – A credit union is expected to maintain capital commensurate with the nature and extent of risk to the institution and the ability of management to identify, measure, monitor, and control these risks. The effect of credit, market, and other risks to the credit union's financial condition is considered when evaluating capital adequacy.

Asset Quality – The asset quality rating reflects the quantity of existing and potential credit risks associated with the loan and investment portfolios, other real estate owned, and other assets, as well as off-balance sheet transactions. The ability of management to identify, measure, monitor, and control credit risk is also reflected here.

Management – The capabilities of the board of directors and management, in their respective roles, to identify, measure, monitor, and control the risks of a credit union's activities and to ensure a credit union's safe, sound, and efficient operation in compliance with applicable laws and regulations, including consumer financial protection, is reflected in this rating.

Earnings – This rating reflects the adequacy of current and future earnings to fund capital commensurate with the credit union's current and prospective financial and operational risk exposure, potential changes in the economic climate, and strategic plans.

Liquidity Risk – This rating considers current and prospective sources of liquidity compared to funding needs and the adequacy of liquidity risk management relative to a credit union's size, complexity, and risk profile. A credit union's liquidity risk management practices should ensure it maintains sufficient liquidity to meet its financial obligations and member share and loan demands.

Sensitivity to Market Risk – The sensitivity to market risk reflects the exposure of a credit union's current and prospective earnings and economic capital arising from changes in market prices and interest rates. Effective risk management programs include comprehensive interest rate risk policies, appropriate and identifiable risk limits, clearly defined risk mitigation strategies, and a suitable governance framework.

At the conclusion of the examination cycle, examiners assign a composite CAMELS rating. The composite CAMELS rating is a single numeric value between 1 and 5. The composite rating bears a close relationship to the component ratings, but it is not an average of the component ratings. Examiners determine the composite rating by considering the interrelationships between the individual CAMELS components.

NCUA's three regional offices oversee and examine consumer credit unions with less than \$15 billion in assets. Credit unions with more than \$15 billion in total assets are supervised by the Office of National Examinations and Supervision (ONES) using a continuous supervision model, including enhanced offsite monitoring and data analysis. These examinations focus on:

- Enterprise risk management and governance;
- Capital resiliency;
- Interest rate and liquidity risks;
- Lending and credit practices; and
- Information technology, cybersecurity, and payment system risks.

In addition, institutions with \$15 billion or more in assets undergo annual stress tests to assess their capital levels under a series of adverse financial and economic scenarios. These examinations are also subject to heightened quality control reviews, which are conducted by the Office of Examination and Insurance.

ONES also supervises 11 corporate credit unions, ranging in size between \$216.5 million and \$7.7 billion in assets. Each of these institutions acts as a "credit union for credit unions" by providing several critical financial services for consumer credit unions, including payment processing. NCUA reviews corporate credit unions' capital levels, interest rate risk, payment system risk, cybersecurity preparedness, and other critical areas.

Resolving Troubled Credit Unions

When prudent, NCUA uses its conservatorship authority provided in the Federal Credit Union Act to resolve operational problems that could affect a credit union's safety and soundness. During a conservatorship, the credit union remains open, members may transact business, and accounts remain insured by the Share Insurance Fund. In 2025, three credit unions were placed into conservatorship. As of December 31, 2025, there was one credit union operating under NCUA's conservatorship.¹

In March 2025, NCUA released Valwood Park Federal Credit Union from conservatorship and back into the control and direction of its members.

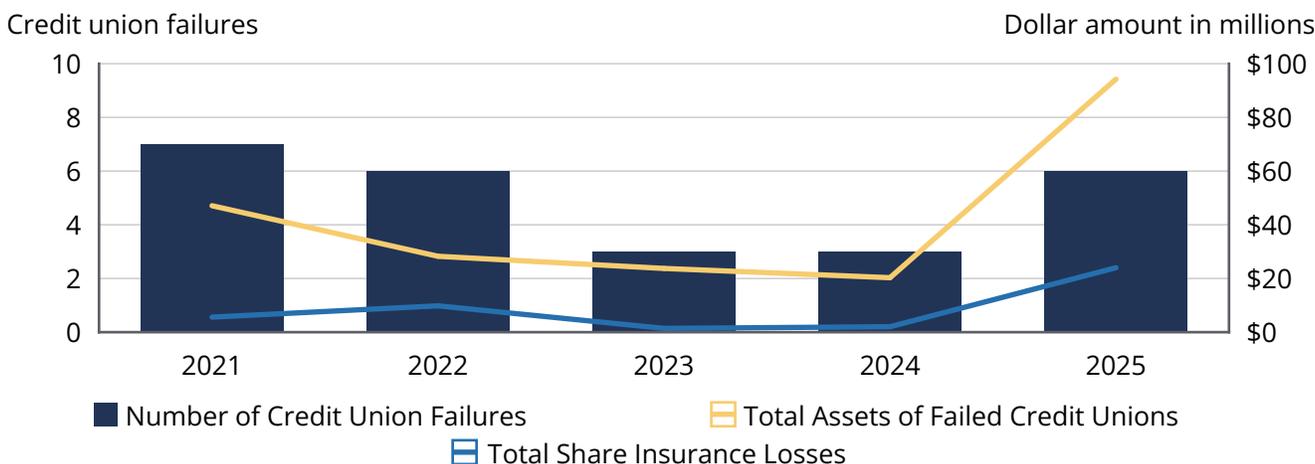
Protecting Member Deposits

The Standard Maximum Share Insurance Amount for a credit union member is \$250,000. When a credit union fails, NCUA's Asset Management and Assistance Center (AMAC) steps in to manage the failed credit union's asset management estate (AME)

¹ As of December 31, 2025, NCUA was the conservator of [Copper & Glass Federal Credit Union](#), located in Glassport, Pennsylvania.

and administer related share insurance and creditor claims. There were six credit union failures in 2025. The cost of these failures, or the estimated cost of resolution at the time of failure, was \$24.0 million. The loss figure will change depending on the performance of the failed credit union AMEs. NCUA continues to evaluate all courses of action to maximize potential recoveries from the failed credit union AMEs and minimize losses to the Share Insurance Fund. The Share Insurance Fund remains financially strong and has sufficient equity and reserves to cover anticipated losses.

Number of Credit Union Failures to Total Assets (2021–2025)



Source: NCUA Annual Reports and Audited Financial Statements of the Share Insurance Fund

Gross assets managed by NCUA’s Asset Management and Assistance Center, which are comprised primarily of loans, were approximately \$243.1 million at the end of 2025.

Providing Effective and Efficient Supervision

In 2025, NCUA continued to review and, as appropriate, revise examination procedures to enable examiners to carry out their responsibilities efficiently and effectively. The agency explored ways to harness new and emerging data, advancements in analytical techniques, innovative technology, and improvements in supervisory approaches.

Compliance Concerns

To protect the credit union system and the Share Insurance Fund from losses, NCUA employs several supervisory tools and enforcement actions depending on the severity of the situation. The number of total outstanding enforcement actions for federally insured credit unions decreased from 153 at the end of 2024, to 139 at the end of 2025.

In 2025, NCUA issued administrative actions prohibiting 27 individuals from participating in the affairs of any federally insured financial institution, compared to 24 issued in 2024.

Enforcing Federal Consumer Financial Protection Laws and Regulations

NCUA conducts targeted fair lending examinations and supervision at federal credit unions to assess compliance with federal fair lending laws and regulations. In 2025, NCUA's Office of Consumer Financial Protection spent 8,520 hours examining 57 credit unions for compliance with fair lending laws and regulations.

NCUA's enforcement of consumer financial protection laws and regulations is supported by the **Consumer Assistance Center**, which receives and handles consumer complaints and conducts its own investigation to determine compliance with applicable federal consumer financial protection laws and regulations. In 2025, the Consumer Assistance Center handled 48,936 written complaints, inquiries, and telephone calls from consumers and recorded over \$1.4 million in monetary benefits for complainants.²

Delivering an Effective and Transparent Regulatory Framework

In 2025, NCUA, along with other federal agencies, began a major initiative to review, and revise, as appropriate, all its regulations. This review follows Executive Order 14192, *Unleashing Prosperity Through Deregulation*.

NCUA must meet its statutory obligations with awareness that overregulation can stifle innovation and growth in a way that could threaten the viability of the credit union system. Announced in 2025, NCUA's **Deregulation Project** is a long-term effort that involves a comprehensive review of NCUA's regulations. The initial focus of this project is to revise or remove any regulations that are obsolete, duplicative, overly prescriptive, or unduly burdensome. The project will evolve moving forward.

Supporting and Fostering Small, Low-Income, and New Credit Unions

Small credit unions, low-income designated credit unions, and new credit unions play a critical role in providing millions of Americans access to financial services. Often, these credit unions are the only federally insured financial institutions in underserved communities.

² This figure includes restitution by a credit union, relief from an alleged monetary obligation imposed by a credit union, and access to disputed credit or financial services products otherwise not available to the member by a credit union.

Small credit unions, defined as those with less than \$100 million in assets, made up 58.6 percent of all federally insured credit unions. These 2,514 credit unions had 6.6 million members and held more than \$75.6 billion in assets at year-end 2025.

Small Credit Unions (less than \$100 million in assets)



Many small credit unions are also low-income designated credit unions: by the end of 2025, there were 2,390 low-income designated credit unions. More specifically, 55.7 percent of all federally insured credit unions have a low-income designation.

The low-income designation allows NCUA to provide additional support to these credit unions. To qualify as a low-income designated credit union, most of a credit union's membership must meet certain low-income thresholds based on data from the [American Community Survey](#) done by the U.S. Census Bureau.

There are several benefits for credit unions that carry a low-income designation, including:

- An exemption from the statutory cap on member business lending, which expands access to capital for small businesses and enables credit unions to diversify their portfolios;
- Eligibility for grants and low-interest loans from the Community Development Revolving Loan Fund (CDRLF);
- Ability to accept deposits from non-members; and
- An authorization to obtain supplemental capital.

While the total number of low-income designated credit unions has gone down over the last five years, membership and total assets in low-income designated credit unions have increased at a faster rate than other federally insured credit unions.

The decline in total number of credit unions year over year, due to mergers and other factors, is likely the largest driving factor for the decline in the number of low-income designated credit unions. In 2025, NCUA is focusing on providing CDRLF grants to low-income designated credit unions to support resilience in critical operational issues, such

as cybersecurity improvements, that they may not have the resources to address on their own. The 2025 CDRLF grant round also includes a new initiative, the New Charter Capacity Building initiative, to support newly chartered credit unions.

NCUA provides technical assistance grants and low-interest loans to support credit union growth through the CDRLF. Low-income designated credit unions can use CDRLF grants to build capacity, invest in their communities, reach under-resourced populations, and provide their members with products and services to strengthen their economic security. In 2025, NCUA announced that it would accept applications for six **grant initiatives** focused on providing resources to assist newly chartered credit unions, expand access to underserved communities, and give credit unions greater access to affordable digital financial products and implement artificial intelligence services:

- Impact Through Innovation (maximum award of \$100,000);
- New Charter Capacity Building (maximum award of \$50,000);
- Underserved Outreach (maximum award of \$50,000);
- Student Internships (maximum award of \$25,000);
- Technology, Cybersecurity, and Artificial Intelligence (maximum award of \$25,000); and
- Training (maximum award of \$25,000).

In 2025, six credit unions were awarded grants for new charter or urgent needs and two credit unions received loans totaling \$750,000.

NCUA issued three new federal credit union charters in 2025, to **Heritage Hub Federal Credit Union** in Houston, Texas; **African Diaspora Federal Credit Union** in St. Louis, Missouri; and **Haven Federal Credit Union** in Santa Clara, California.

Maximizing Organizational Performance to Enable Mission Success

NCUA is in an era of rapid transformation, both within our workforce and structurally. Our implementation of a voluntary separation program has created the room to rebalance our staff-to-management ratio and the agency expects to have fewer than 1,000 staff heading into 2026. NCUA will continue to meet its core mission and support the administration's priorities by simplifying policies, refining processes, aligning staff with strategic priorities, and modernizing tools and technology to support NCUA's long-term success.

Formulating NCUA's Budget

NCUA's budget formulation starts with reviewing the agency's goals and objectives as outlined in its strategic plan and the associated activities to address risks identified through the ERM program. The strategic plan is a framework that sets the agency's

direction and guides resource requests. The ERM process helps senior executives identify priority investments necessary to meet strategic goals and objectives. Together, they inform budget submissions from individual offices, which are structured to align resources and the workforce to the agency's priorities and initiatives.

The 2025 budget included funding for reorganization planning, intended to:

- Implement a smaller, more efficient agency structure;
- Eliminate non-essential activities;
- Optimize processes to increase efficiency and effectiveness; and
- Enable investment in the agency's information technology systems and infrastructure.

Given the agency's unique financing authorities, NCUA's budgeting process considers both the resources required to achieve its goals and the impact these expenditures will have on the credit union system that pays for the agency's operations.

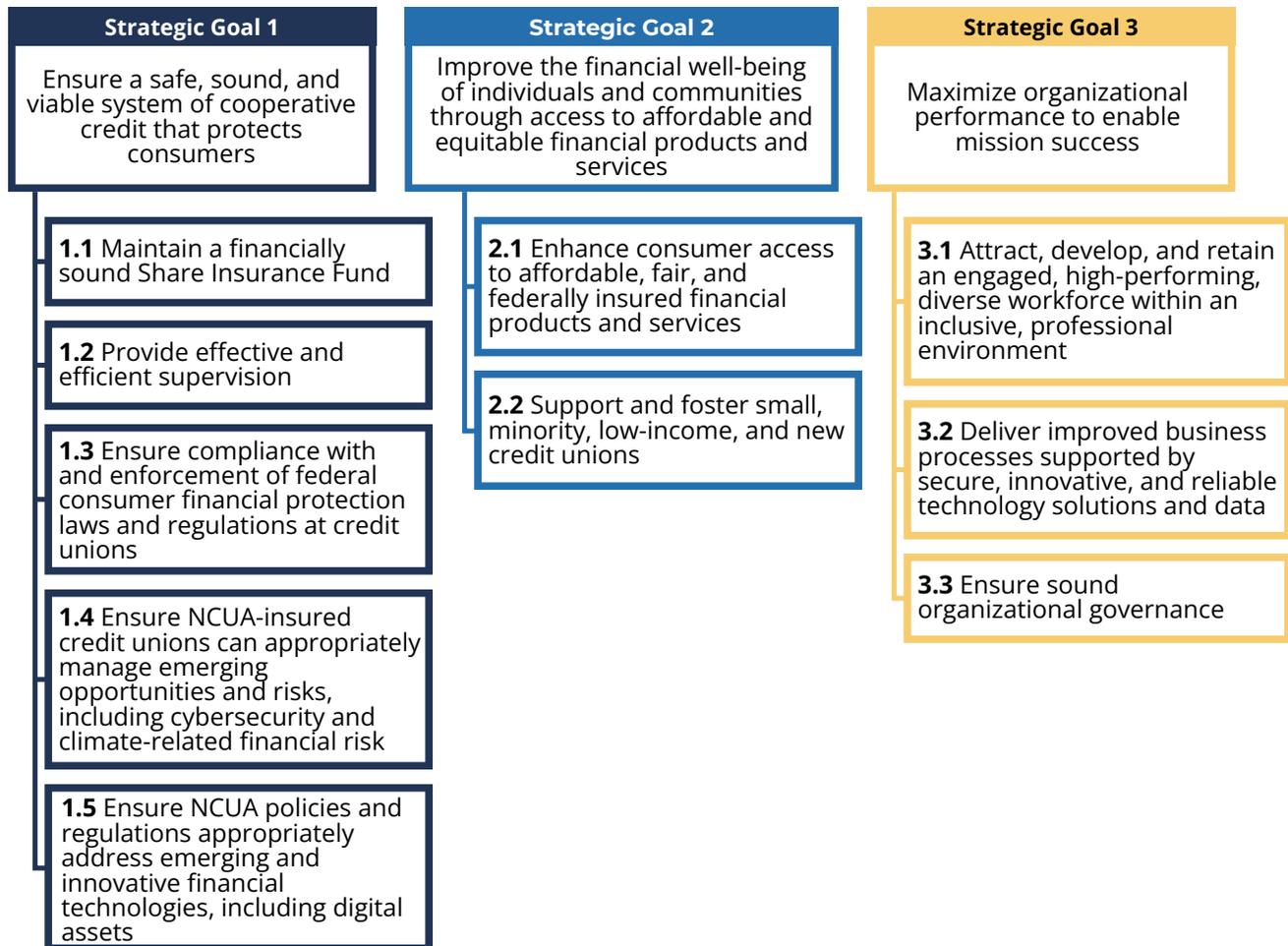
NCUA solicits public comments before presenting final budget recommendations for the Board's approval by making its draft budgets available for comment in the [Federal Register](#) and on its [website](#). NCUA is the only Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) agency that publishes a detailed draft budget and solicits public comments at a meeting with its Board or other agency leadership.

Annually, NCUA assesses the effectiveness of its internal controls, noting areas of specific improvement since the previous study and areas that require future focus to preclude negative results. The Office of the Chief Financial Officer partners with leadership across the agency to improve the quality of controls and encourages risk self-identification and resolution when improvement opportunities are identified. This enterprise-focused approach to internal controls holds all offices within NCUA accountable for sound management practices.

Performance Highlights

The performance information contained in this report is organized around the strategic goals and objectives identified in NCUA’s *2022–2026 Strategic Plan*, and the associated performance goals and objectives approved by the NCUA Board in the *2025 Annual Performance Plan* (APP).

NCUA’S 2022-2026 Strategic Plan



Managing Performance

NCUA's strategic plan set the foundation for the agency's performance management process in 2025. The strategic plan defined the agency's mission, long-term goals, planned strategies, and the approaches NCUA used to monitor its progress addressing the challenges and opportunities related to our mission.

The APP functions as the agency's operational plan for each year of the strategic plan. It outlines our annual or short-term objectives, strategies, and corresponding performance goals that contribute to the accomplishment of NCUA's strategic goals.

In 2025, NCUA had three strategic goals that were supported by ten strategic objectives. Strategic objectives illustrate how the agency's programs contribute to achieving each strategic goal. Each of these objectives is aligned to one or more performance goals, which are measurable outcomes of what NCUA plans to achieve within the performance year. The performance goals include one or more specific indicators that demonstrate quantitative performance targets or results to be achieved within a specific timeframe.

The agency routinely measures and reports its progress in meeting its performance goals. During 2025, NCUA executives submitted quarterly data on the progress made toward achieving the performance targets for which they were accountable. The data was reviewed and analyzed throughout the year to monitor the agency's progress toward accomplishing its planned outcomes; these results are the basis for the performance information presented in this report.

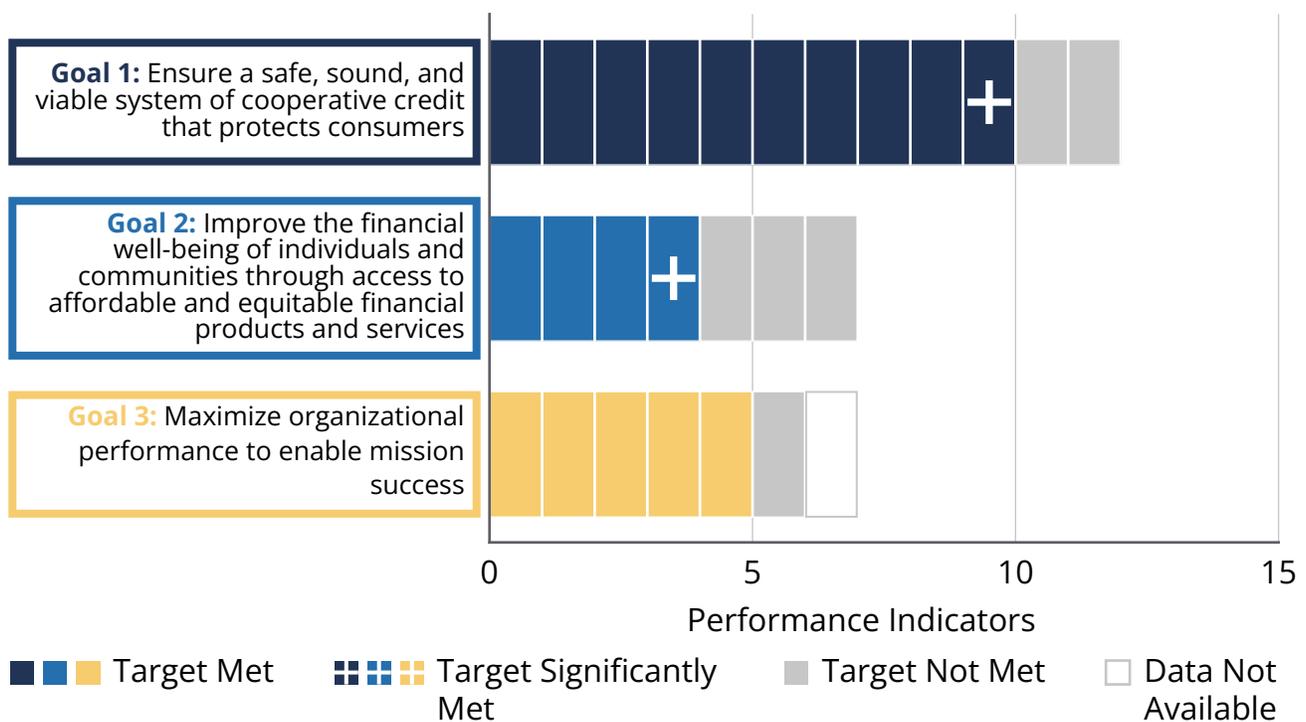
Performance at a Glance

In the 2025 APP, NCUA identified 26 performance indicators to help evaluate and assess its progress towards the **2022–2026 Strategic Plan** goals.¹ In 2025, 17 of the agency's 26 performance indicators were assessed as "Target Met".

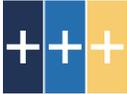
The following chart summarizes NCUA's overall performance in 2025 and performance indicator results are grouped by strategic goal. The **Performance Results** section of this report includes a complete discussion of the agency's progress and discusses causes of variance or changes in trends for each performance indicator where the target was not met.

¹ The agency initially established 27 performance indicators for 2025; however, one indicator was removed in accordance with Executive Order 14151, "Ending Radical and Wasteful Government DEI Programs and Preferencing."

2025 Performance by Strategic Goal



Source: NCUA Performance Data

<p>Target Met</p> 	<p>NCUA is successfully implementing its plans to achieve the strategic objective. Strategies and activities have been executed on or ahead of schedule, and the target outcome was achieved. Minor delays in the planned execution schedule may exist due to exigent circumstances; however, the overall target outcome was achieved within the plan year.</p>
<p>Target Significantly Met</p> 	<p>NCUA has successfully achieved at least 80 percent of its target, and most of its strategies and activities were completed on or ahead of schedule. Delays in the planned execution schedule, external factors, or internal resource constraints may have contributed to the agency not fully meeting its target.</p>
<p>Target Not Met</p> 	<p>Current strategies have not had the intended impact, and an increased focus is needed by the agency to improve performance on the strategic objective. Some strategies and activities may have been executed, but more progress is needed to advance the strategic objective.</p>
<p>Data Not Available</p> 	<p>Performance data are not available due to external factors.</p>

Resource Allocation by Strategic Goal

As part of NCUA's efforts to demonstrate results, the agency develops its annual performance plan and budget simultaneously. This link between resources and performance helps NCUA focus on accomplishing its priorities while assessing the related cost and benefits.

As shown in the chart on the next page, NCUA's total costs for 2025 were \$415.6 million. Total costs are comprised of:

- Share Insurance Fund operating expenses;
- Operating Fund total expenses, net;
- Central Liquidity Facility total operating expenses; and
- Community Development Revolving Loan Fund total expenses.

Additional information on the four funds can be found in their respective financial statements included in the [Financial Information](#) section of this report. Any differences in the chart can be attributed to rounding.

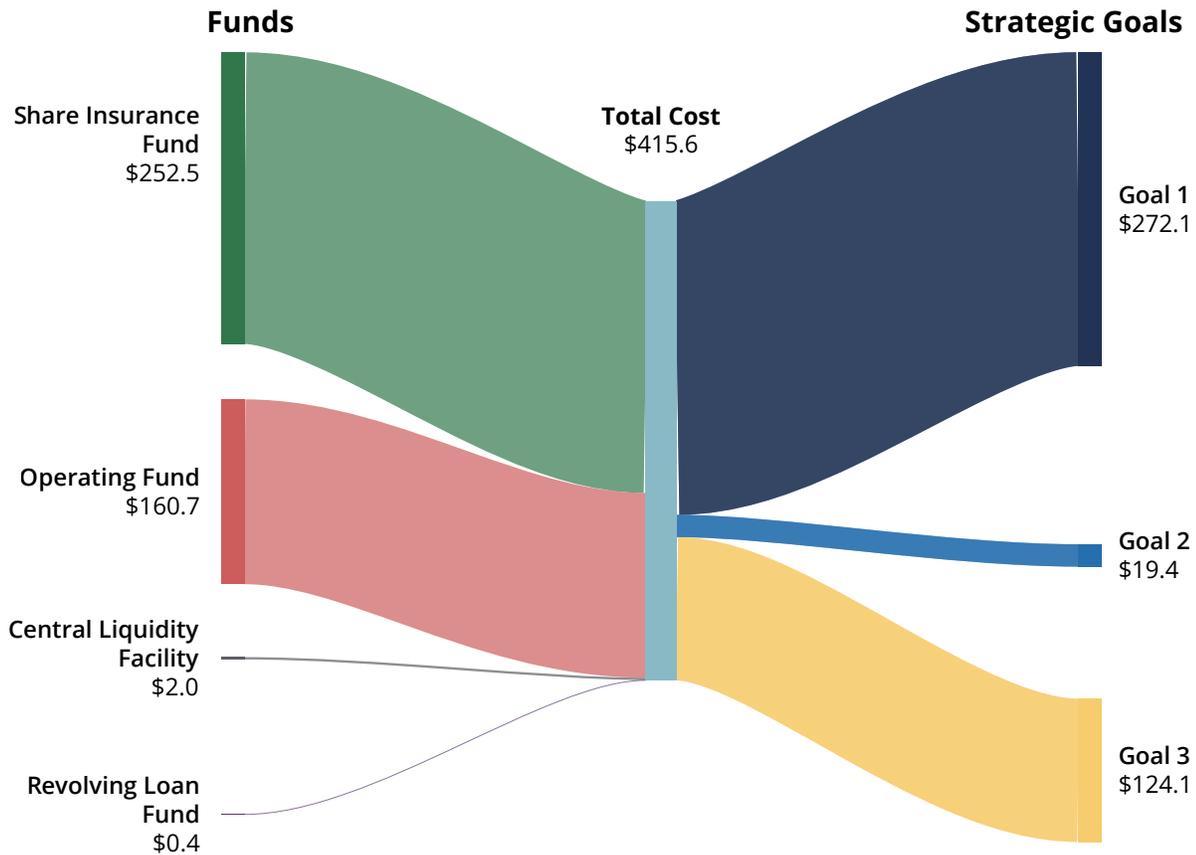
NCUA allocates costs by aligning annual expenditures for each program function to the corresponding strategic goal, while proportionally allocating general and administrative costs across all three strategic goals. In 2025, the agency allocated the majority of total costs, \$272.1 million, for Strategic Goal 1-related programs. Strategic Goal 1-related programs included the costs associated with administering the agency's supervision, examination, and insurance functions.

In 2025, NCUA allocated \$19.4 million in 2025 for Strategic Goal 2-related programs, which included the costs associated with administering the agency's credit union development and chartering functions. NCUA allocated \$124.1 million for Strategic Goal 3-related programs. Strategic Goal 3 is largely comprised of costs associated with the agency's human capital and information technology programs.

At the end of 2025, NCUA had 940 employees on board.² The majority of NCUA's workforce in 2025 was allocated to Strategic Goal 1, followed by Strategic Goal 3.

² NCUA's deferred resignation program staff remained on the agency's active roster through 12/31/2025. On 1/1/2026, NCUA had 937 non-CLF staff and 3 CLF staff on its active roster.

How NCUA Allocates Cost from the Four Funds to NCUA's Strategic Goals (in millions)



Strategic Goal 1
Ensure a safe, sound, and viable system of cooperative credit that protects consumers

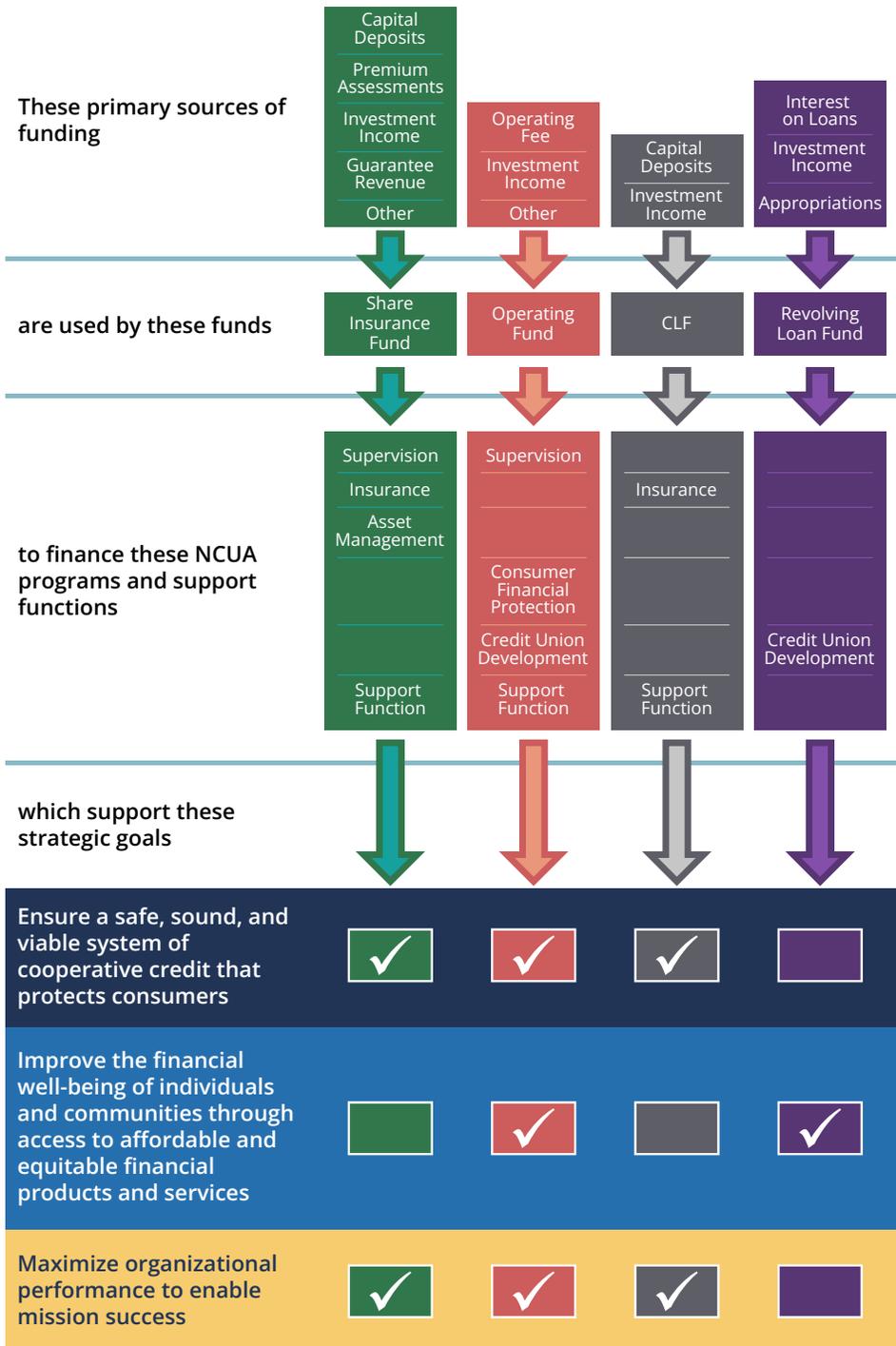
Strategic Goal 2
Improve the financial well-being of individuals and communities through access to affordable and equitable financial products and services

Strategic Goal 3
Maximize organizational performance to enable mission success

Source: NCUA Audited Financial Statements

Financial Highlights

NCUA Resources and How They are Used



The NCUA Board manages four funds: the National Credit Union Share Insurance Fund, the NCUA Operating Fund, the Central Liquidity Facility (CLF), and the Community Development Revolving Loan Fund (Revolving Loan Fund). Each fund is integral to the performance of NCUA’s vision to provide a safe and sound credit union system.

As a federal financial institutions’ regulator, NCUA is committed to transparency, accountability, and effective stewardship. As a demonstration of this commitment, our independent auditor issued NCUA an unmodified or “clean” audit opinion on all funds’ financial statements for the year ended December 31, 2025.¹

The following highlights provide an overview of NCUA’s 2025 financial statements. The complete financial statements,

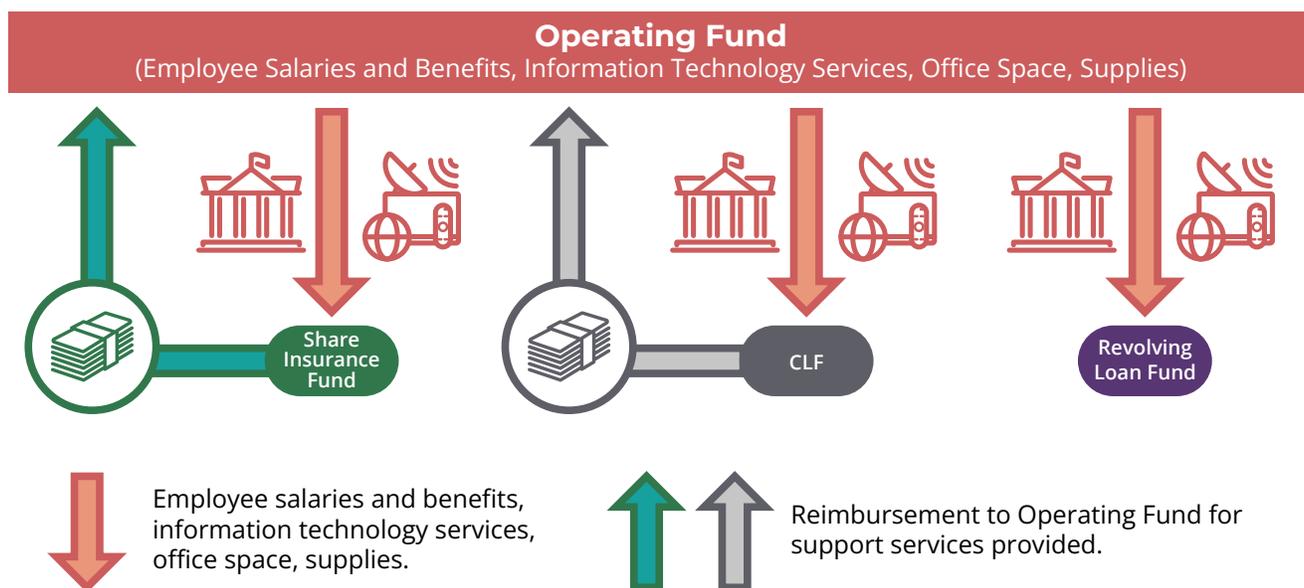
1 The Federal Credit Union Act provides the overarching legal requirements regarding NCUA’s annual audited financial statements. Separate financial reporting provides transparency for each fund’s particular stakeholders and complies with the intent of the Federal Credit Union Act. NCUA files its four separately audited financial statements as Annual Management Reports per the Government Corporation requirements under OMB Circular A-136.

including the independent auditors’ reports, are located in the **Financial Information** section of this report.

How the Funds Support NCUA’s Mission

The Operating Fund supports the other three funds by providing office space, information technology services, supplies, and by paying employee salaries and benefits. The Share Insurance Fund and CLF reimburse the Operating Fund for certain administrative support. To ensure the Revolving Loan Fund can achieve its mission to promote economic development in low-income communities and to maximize the impact of the funds limited resources, the Revolving Loan Fund does not reimburse the Operating Fund for its administrative support.

The Share Insurance Fund reimburses the Operating Fund for insurance-related expenses based on an annual Board approved allocation factor derived from a study of actual usage. The Operating Fund pays CLF employee salaries and related benefits, as well as the CLF’s portion of building and operating costs. Reimbursements of these expenses are determined by applying a ratio of the CLF full-time equivalent employees to NCUA’s total employees.



National Credit Union Share Insurance Fund

Created by Congress in 1970, the Share Insurance Fund is backed by the full faith and credit of the United States and insures the deposits of more than 144.7 million members at federally insured credit unions up to \$250,000. As of December 31, 2025, the Share Insurance Fund insured 4,298 credit unions, with insured member shares

reaching \$1.86 trillion.² These federally insured credit unions held approximately \$2.48 trillion in total assets at the end of 2025.

The financial performance of the Share Insurance Fund can be measured by comparing the equity ratio³ to the normal operating level (NOL). The NOL is the desired equity level for the Share Insurance Fund. The NCUA Board sets the NOL between 1.20 percent and 1.50 percent. The NCUA Board set the NOL at 1.33 percent for 2025.

The equity ratio is the overall capitalization level of the Share Insurance Fund to protect against unexpected losses from the failure of credit unions. When the equity ratio falls below or is projected within six months to fall below 1.20 percent, the NCUA Board must assess a premium or develop a restoration plan. When the equity ratio exceeds the NOL, and the available assets ratio exceeds 1.00 percent at year-end, the Share Insurance Fund may pay a pro-rata equity distribution in the form of a dividend.

The equity ratio was 1.30 percent, as of December 31, 2025; this was below the established NOL of 1.33 percent. The NCUA Board did not declare or pay a distribution to insured credit unions this year.

Another measure that the SIF uses to track performance is net worth ratio, which compares assets to liabilities. The aggregate net worth ratio increased during the year, ending at 11.31 percent versus 11.20 percent on December 31, 2024.⁴

Share Insurance Fund Financial Position

Total Assets	Total Liabilities	Net Position
\$24.1b ↑	\$241.8m ↓	\$23.9b ↑

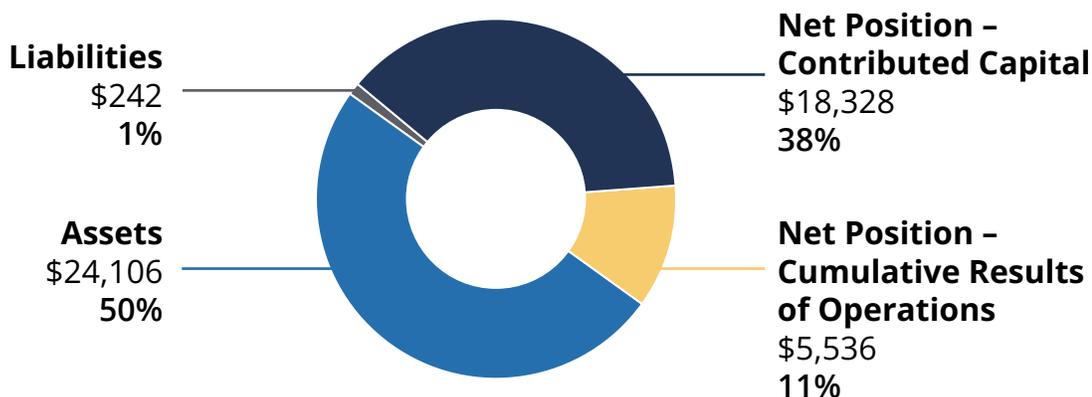
The Share Insurance Fund's net position is comprised of capitalization deposits, which represent the total balance of all federally insured credit unions' 1.00 percent capitalization deposits and cumulative results of operations. The Share Insurance Fund ended 2025 with a net position of \$23.9 billion, an increase of \$1.8 billion, from 2024, which was primarily due to a lower provision for insurance losses and higher investment income.

2 As of December 31, 2025, the Share Insurance Fund insured 4,287 consumer credit unions, or natural-person credit unions, and 11 corporate credit unions. Natural-person credit unions provide financial services primarily to individual people, as opposed to corporate credit unions which provide financial services to natural person credit unions.

3 The equity ratio is calculated as the ratio of the contributed 1 percent deposit, plus the cumulative results of operations, excluding net cumulative unrealized gains and losses on investments, to the aggregate amount of the insured shares in all insured credit unions.

4 The net worth ratio is calculated according to NCUA regulations part 702.

2025 Share Insurance Fund Balance Sheet Components (\$ in millions)



In accordance with the Federal Credit Union Act, NCUA invested its capitalization deposits collected from all member credit unions in U.S. Treasury securities and earned interest revenue of \$632.1 million in 2025, an increase of \$67.1 million from 2024. The increase in interest income over the prior year was primarily due to the higher yield on investments. The average interest rate earned for the year ending on December 31, 2025 was 2.70 percent, and reflects an increase in the weighted average maturity of U.S. Treasury securities from 2.5 years to 3.2 years. Investments in U.S. Treasury securities accounted for approximately 99.0 percent of total Share Insurance Fund assets.

The Share Insurance Fund’s Net Cost of Operations is primarily comprised of operating expenses and the provision for insurance losses, slightly offset by exchange revenue. Operating expenses were primarily administrative services provided by the NCUA Operating Fund. Net Cost of Operations for 2025 was \$256.1 million, a decrease of \$3.7 million from 2024; this change was primarily a result of the improvement in the provision for insurance losses.

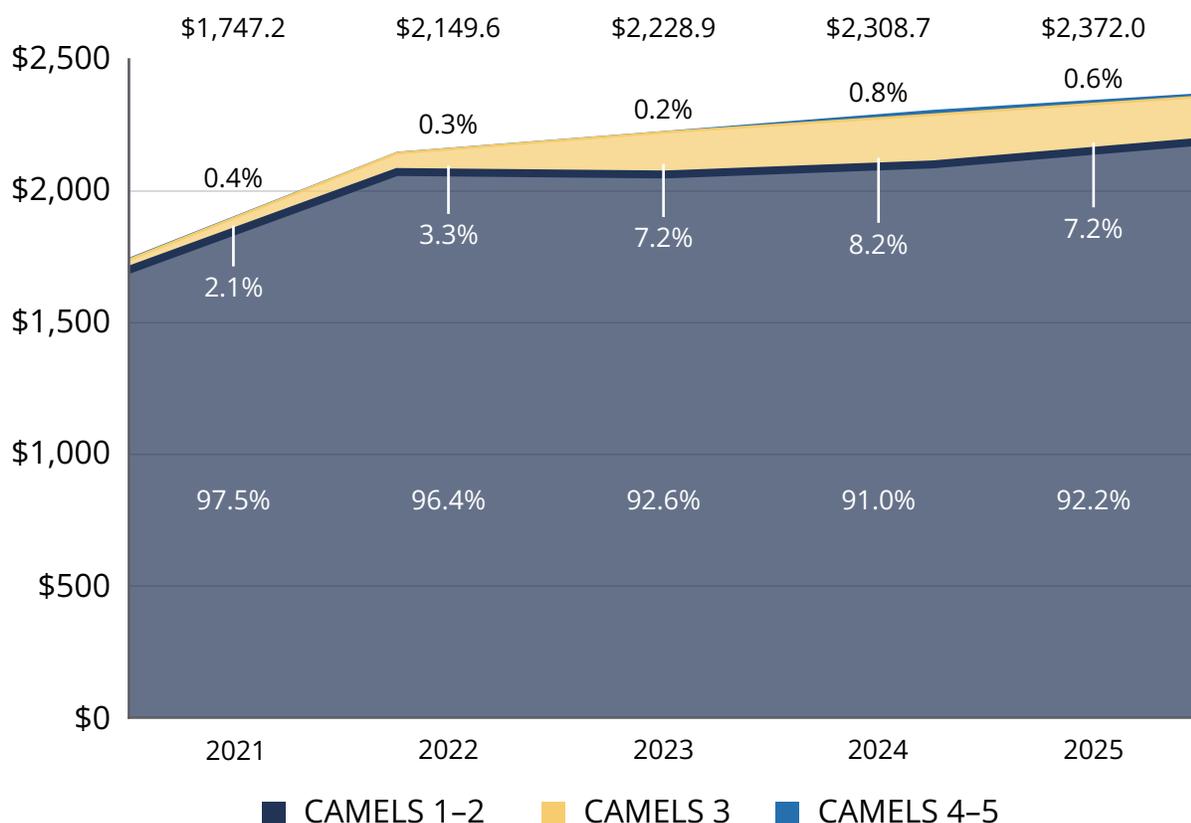
Share Insurance Fund Results of Operations			
Operating Expenses	Provision for Insurance Losses	Exchange Revenue	Net Cost of Operations
\$252.5m ↑	\$4.9m ↓	\$1.3m ↑	\$256.1m ↓

The provision for insurance losses represents anticipated losses from the failure of insured credit unions, and consists of the reserve expense and bad debt expense for the natural-person credit union and corporate credit union asset management estates (AMEs). The reserve expense, which reflects the overall risk of projected losses for actual and potential credit union failures, decreased by \$4.0 million in 2025. The bad debt reduction for the AMEs, which reduces the provision for insurance losses,

increased by \$4.3 million as compared to 2024, primarily due to legal settlements received by two AMEs.

NCUA’s field staff use the CAMELS rating system to evaluate a credit union’s performance and risk profile. CAMELS ratings range from 1 to 5, with 1 being the strongest rating and 5 being the weakest. As shown in the graph below, assets in CAMELS composite 3, 4, and 5 rated credit unions decreased to \$184.1 billion at the end of 2025, due to a smaller number of credit unions with assets greater than \$500 million with those CAMELS ratings in 2025.⁵

Distribution of Assets by CAMELS Ratings at Year-end 2021-2025
(\$ in billions)



Source: NCUA Call Report

NCUA Operating Fund

Created by the Federal Credit Union Act, the NCUA Operating Fund provides administration and services to the federal credit union system. At year-end, the total number of federal credit unions was 2,686 with \$1.3 trillion in total assets.⁶ Funding

⁵ Additional information for the CAMELS rating system can be found on page 13, “What is the CAMELS Rating System?”.

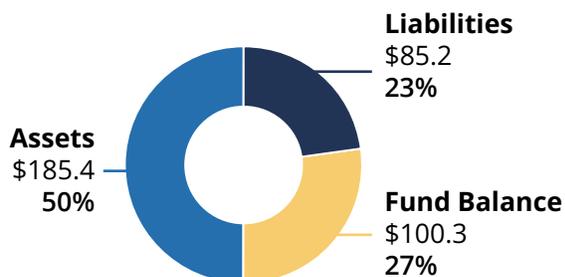
⁶ This is the number of credit unions that are under federal regulation, as opposed to state regulation, and is different from the number of credit unions that the Share Insurance Fund insures.

for NCUA’s operations comes through operating fees paid by federal credit unions and through reimbursements from the Share Insurance Fund. Each federal credit union is assessed an annual fee based on its four-quarter average of total assets from the preceding year. The Office of the Chief Financial Officer administers the methodology approved by the NCUA Board for calculating operating fees and setting the fee schedule each budget cycle.

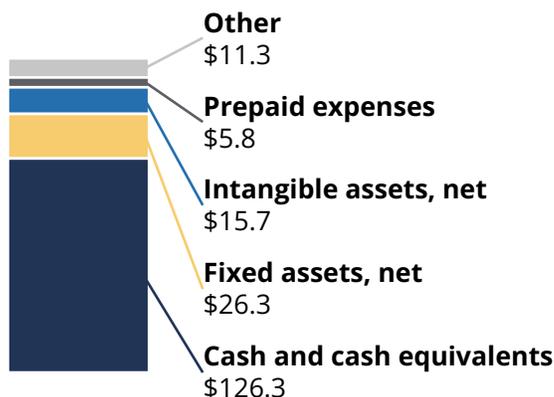
The Operating Fund ended 2025 with a Fund Balance of \$100.3 million, a decrease of \$9.0 million from 2024. The change primarily resulted from costs related to deferred resignation and voluntary separation program in 2025.

Operating Fund Financial Position		
Total Assets	Total Liabilities	Fund Balance
\$185.4m ↓	\$85.2m ↑	\$100.3m ↓

2025 Operating Fund Balance Sheet Components (\$ in millions)

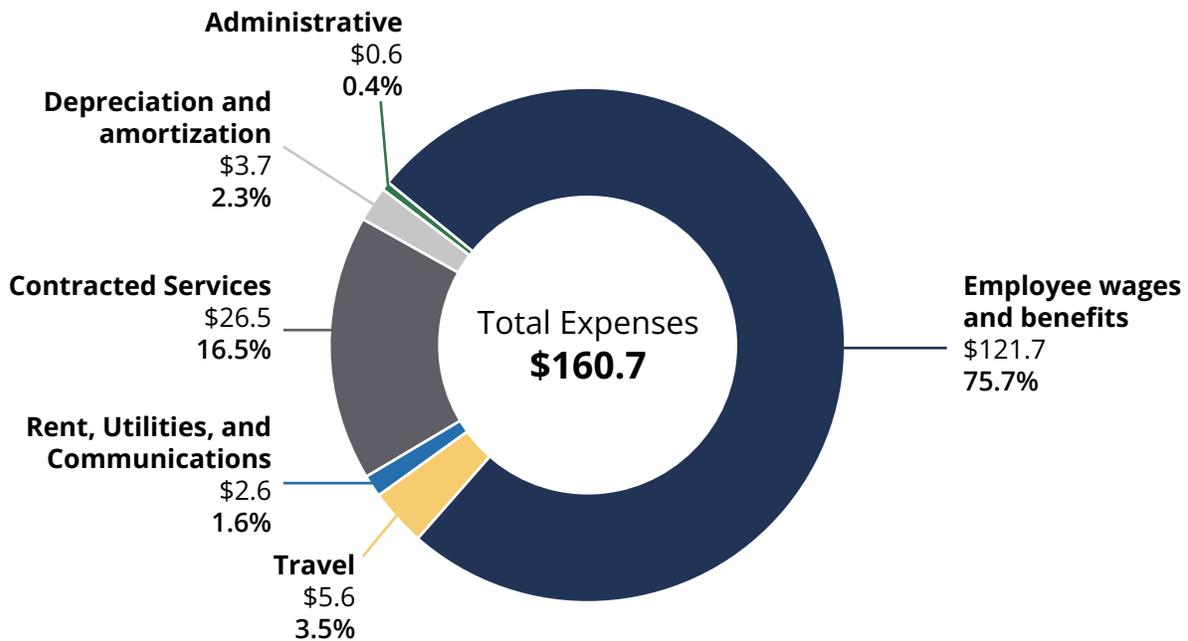


2025 Operating Fund Assets (\$ in millions)



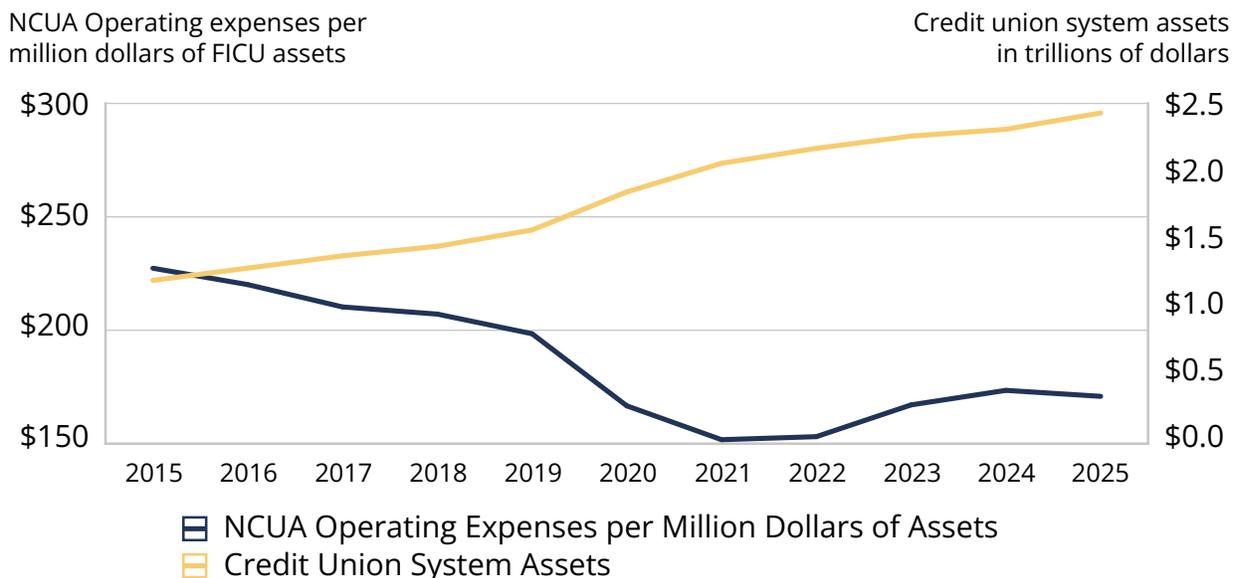
NCUA continues to assess and balance its mission workload needs with the financial costs that the agency imposes on the credit union system. Total revenues for 2025 were \$151.6 million, a 3.9 percent increase from 2024. Increased revenues were primarily a result of increased operating fees, as well as the sale of NCUA’s office building in Austin. In 2025, total expenses increased to \$160.7 million, a 6.0 percent increase from 2024, with employee related costs being the primary driver.

2025 Operating Fund Expenses by Type (\$ in millions)



Although the number of credit unions continues to decline nationwide, NCUA must also consider the increasing complexity and growing asset base of the entire credit union system. Consolidation in the industry has led to growth in the number of large credit unions, specifically those with more than \$1 billion in assets. This results in additional complexity in the balance sheets of such credit unions, and a corresponding increase in the supervisory review required to ensure the safety and soundness of such large institutions.

NCUA Operating Expenses Per Million Dollars of Federally Insured Credit Union Assets

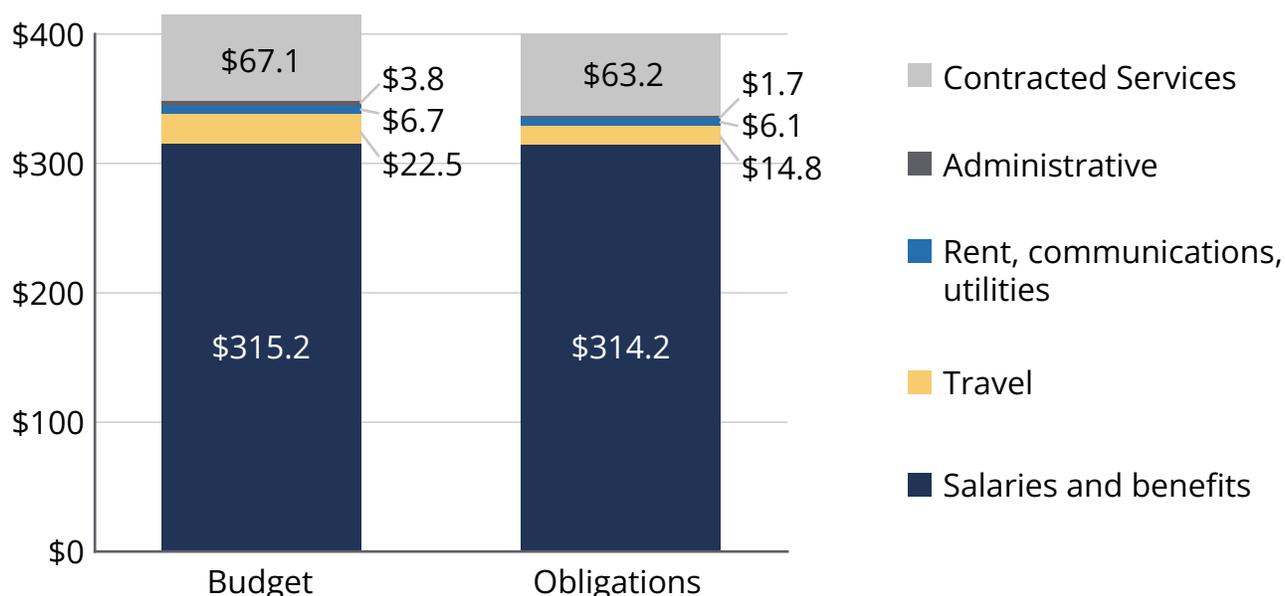


The chart above shows the relative size of the NCUA Operating Expenses (blue line) compared to balance sheets at federally insured credit unions (gold line). This trend illustrates the operating efficiencies NCUA has maintained in the last several years relative to the size of the credit union system.

Budgetary Resources

NCUA’s budget formulation process ensures all office requirements are justified and consistent with the agency’s overall strategic plan. All office budget submissions within the agency undergo reviews by the responsible regional and central office directors, the Chief Financial Officer, and the Executive Director. Additionally, mid-year budget reviews occur annually to identify whether program resource requirements have changed due to emergent priorities or other factors.

2025 Budgetary Resources (\$ in millions)



In 2025, NCUA obligated \$400.0 million of its operating budget; of this amount, NCUA spent \$383.6 million. This amount spent was 7.6 percent, less than the Board-approved level for the year, due to targeted contract cost reductions and reduced travel and administrative costs. Spending below the budgeted levels reflects NCUA’s efforts to administer its programs in a cost-efficient manner.⁷

NCUA also maintains a discrete capital budget. In 2025, the Board approved \$5.4 million for a variety of projects related to information technology and NCUA-owned facilities.⁸

⁷ Spending includes incurred financial obligations, such as the value of a contractual agreement to purchase goods or services from an outside vendor, and outlays, such as amounts paid for employee salaries and benefits.

⁸ The 2025 Capital Budget included carryover capital project funding.

Of this amount, the agency obligated \$3.7 million, or 68.5 percent in 2025. Many of the agency's capital projects require multiple years of planning and implementation before completion. NCUA expects that any unspent capital funding available at the end of 2025 will be used in future years to complete planned projects.

Central Liquidity Facility

The CLF is a mixed-ownership government corporation under the Government Corporation Control Act. The CLF exists within the NCUA and is managed by the NCUA Board. The CLF's purpose is to improve the general financial stability of credit unions by serving as a liquidity lender to credit unions experiencing unusual or unexpected liquidity shortfalls. The CLF accomplishes its purpose by lending funds to member credit unions, subject to certain statutory limitations, when a liquidity need arises. The two primary sources of funds for the CLF are stock subscriptions from credit unions and borrowings from the Federal Financing Bank (FFB).⁹

A credit union becomes a member by purchasing shares of the CLF's capital stock. Membership in the CLF is open to all credit unions that purchase a prescribed amount of capital stock. Prior to 2020, CLF membership was made up of regular members, which are natural person credit unions. As of December 31, 2025, the CLF had 453 members that contributed \$892.2 million of capital stock.

Total members' equity was \$940.7 million as of December 31, 2025, an increase of \$12.0 million from 2024. This was primarily due to an increase in new members and annual adjustment collections. Member deposits represent amounts remitted by members over and above the amount required for membership. Interest is paid on member deposits at a rate equivalent to the dividend rate paid on required capital stock.

Central Liquidity Facility Financial Position		
Total Assets	Total Liabilities	Total Members' Equity
\$1,022.3m ↑	\$81.5m ↑	\$940.7m ↑

Net income for the year ended December 31, 2025, was \$36.9 million, a decrease of \$4.7 million from 2024, as a result of lower investment income. Investments totaled \$853.0 million at year-end, and investment income totaled \$40.1 million, which funded operations and paid \$33.4 million in dividends to members.

⁹ The CLF's borrowing arrangement is exclusively with the FFB. During 2025, NCUA maintained a note purchase agreement with FFB with a maximum principal amount of \$20.0 billion.

Central Liquidity Facility Results of Operations

Total Revenue \$40.1m ↓	Total Expenses \$3.2m ↓	Net Income \$36.9m ↓
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Dividends on capital stock are declared based on available earnings and the dividend policy set by the NCUA Board. The dividend rates paid on capital stock for regular members change quarterly. For 2025, the dividend rate was \$1.825 per share for all four quarters.

Community Development Revolving Loan Fund

The Revolving Loan Fund is the only NCUA fund that receives an annual appropriation from Congress. It was established to promote economic development in low-income communities, and through its loan and technical assistance grant programs, it stimulates economic activities in the communities served by low-income-designated federal and state-chartered credit unions. These financial awards are intended to support credit unions in their efforts to provide basic financial services to residences in their communities, enhance their capacity to better serve their members, and respond to emergencies.

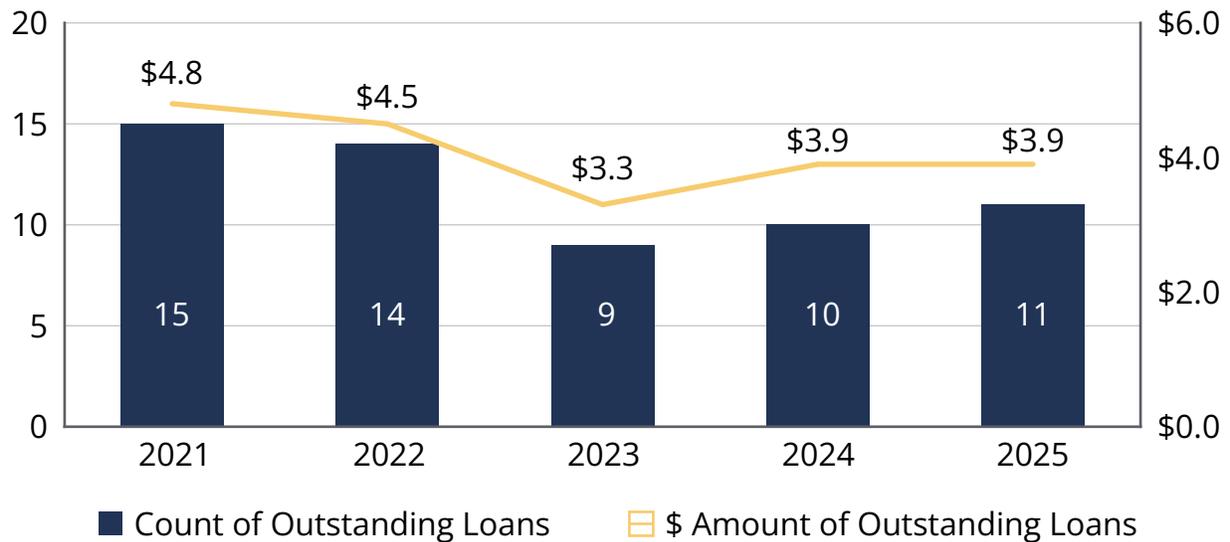
Fund balance for the Revolving Loan Fund was \$20.4 million as of December 31, 2025, which was an increase of \$3.3 million over the prior year.

Community Development Revolving Loan Fund Financial Position

Total Assets \$24.4m ↑	Total Liabilities \$4.0m ↓	Total Fund Balance \$20.4m ↑
----------------------------------	--------------------------------------	----------------------------------------

NCUA's policy is to revolve loans to eligible credit unions as often as practical to maximize the economic benefits achieved by participating credit unions. These loans have a maximum term of five years and are subject to the interest rate provided by the [Loan Interest Rate Policy](#), which is reviewed annually. As of December 31, 2025, the Revolving Loan Fund loan portfolio had 11 loans outstanding totaling \$3.9 million.

Count and Dollar Amount of Outstanding Loans (2021-2025)
 (\$ in millions)



In 2025, Congress enacted multi-year appropriations of \$3.47 million for the technical assistance program, in the same amount as in 2024. These grants are typically provided on a reimbursement basis to ensure that grant awards are appropriately used. The fund awarded 10 technical assistance grants totaling \$0.4 million from the previous year multi-year appropriations received.

Analysis of Systems, Control, and Legal Compliance

NCUA**OFFICE OF THE CHAIRMAN**

February 13, 2026

President Donald J. Trump
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

The National Credit Union Administration (NCUA) management is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the *Federal Managers' Financial Integrity Act*. The NCUA conducted its assessment of risk and internal control in accordance with Office of Management and Budget Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Based on the results of the assessment, the NCUA can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of December 31, 2025.

Respectfully,

Kyle Hauptman

Kyle S. Hauptman
NCUA Chairman

Federal Managers' Financial Integrity Act

The Federal Managers' Financial Integrity Act (FMFIA) establishes management's responsibility to annually assess controls in accordance with prescribed guidelines and provide a Statement of Assurance to the President and Congress on the effectiveness of controls. The FMFIA further requires agencies to establish controls that reasonably ensure obligations and costs; comply with applicable laws; assets are safeguarded against waste, loss, unauthorized use, and misappropriation; and revenues and expenditures are properly recorded and accounted for to maintain accountability of the assets. The Office of Management and Budget (OMB) provides guidance for implementing the Act through OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, and OMB Circular A-123, Appendix A, *Management of Reporting and Data Integrity Risk*.

NCUA continued to demonstrate our commitment to maintain a strong internal control environment. Enterprise risk management and internal controls are embedded in the agency's management of activities and operations that achieve strategic goals and objectives. In 2025, NCUA management conducted reviews including annual internal control assessments to verify that controls effectively mitigated programmatic risks to ensure effective and efficient operations, reliable reporting, compliance with laws, and safeguarding of assets. While no material weaknesses in the agency's internal controls were identified in the assessments, NCUA remains committed to enhancing and improving its systems of internal controls and operational efficiencies. As a result of these assessments and annual internal reviews, the NCUA Chairman can provide reasonable assurance that NCUA has no material weaknesses.

Federal Financial Management Improvement Act

The Federal Financial Management Improvement Act requires certain agencies and executive branch departments to report on their substantial compliance with federal financial management system requirements, federal accounting standards, and the U.S. Standard General Ledger at the transaction level.¹ The purpose of the Federal Financial Management Improvement Act is to advance federal financial management by verifying that financial management systems provide accurate, reliable financial statements, maintain effective internal controls, and comply with legal and statutory requirements.

¹ Section 806 of the Federal Financial Management Improvement Act defines an agency as a department or agency of the United States Government as defined in section [901\(b\) of title 31 of the United States Code](#). NCUA is not within the scope of this definition.

Management's Assessment of Internal Control

Internal control is an essential component of effective management, providing reasonable assurance regarding the achievement of objectives, in three categories: effectiveness and efficiency of operations, reliability of reporting, and compliance with laws and regulations. NCUA's internal control program is designed to achieve compliance with the objectives and requirements of the FMFIA and other applicable federal laws and regulations.

NCUA managers routinely monitor and assess internal controls and report on the results of the assessment annually. Office directors perform internal control assessments that support the central and regional offices and the Asset Management and Assistance Center's assurance statements of compliance. Although some offices noted deficiencies, these did not rise to the level of a material weakness, either individually or collectively. NCUA's offices are addressing these issues through corrective action plans, as appropriate.

In addition to the results of the assurance statements noted above, NCUA considered the following other sources of information when assessing the agency's internal control environment:

- An entity-level control survey;
- Results of internal control testing under OMB Circular A-123, Appendix A, *Management of Reporting and Data Integrity Risk*;
- Qualitative and quantitative risk assessments in accordance with OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement*;
- Results of independent evaluations performed by the U.S. Government Accountability Office and the NCUA's Office of Inspector General;
- Corrective action taken to enhance controls or mitigate process risk;
- Reports pursuant to the Federal Information Security Management Act and OMB Circular A-130, *Managing Information as a Strategic Resource*; and
- Other internal management reviews or assessments performed.

The Chairman's assurance statement is supported by the processes and reviews described above, which were carried out in 2025. The assurance statements from all NCUA Office directors, the evaluation of other sources of information described above, and the results of the internal controls over reporting assessment serve as support for senior management to advise the Chairman as to whether NCUA has deficiencies in internal control significant enough to be reported as a material weakness. NCUA

examined deficiencies, both individually and in the aggregate, to determine if material weaknesses existed in the financial reporting processes. No deficiencies, or combination of deficiencies, rose to the level of a material weakness.

The Chairman's 2025 FMFIA assurance statement provides reasonable assurance that the necessary objectives — efficient and effective operations, reliability of reporting and compliance with applicable laws and regulations — were achieved. Included in this report is a Summary of Financial Statement Audits and Management Assurances in the **Other Information** section, as required by OMB Circular A-136, *Financial Reporting Requirements*.

Federal Information Security Modernization Act

As required by the Federal Information Security Management Act (FISMA), NCUA developed, documented, and implemented an agency-wide information security program for the information and systems that support the operations and assets of the agency, including those provided or managed by another agency, contractor, or other source.² The Act also requires federal agencies to conduct annual assessments, develop and implement remediation efforts for identified weaknesses and vulnerabilities, and report compliance to OMB and the Department of Homeland Security.

The NCUA Chief Information Officer, Inspector General, Senior Agency Information Security/Risk Officer, and Senior Agency Official for Privacy conducted a joint annual assessment using the CyberScope automated system as required by OMB Memorandum 25-04, *Fiscal Year 2025 Guidance on Federal Information Security and Privacy Management Requirements*. NCUA submitted the annual FISMA report for fiscal year 2025 to OMB on July 31, 2025.

As prescribed by the Act, the Office of Inspector General performs an annual independent evaluation of NCUA's information security and privacy management programs and controls for compliance with FISMA. The Office of Inspector General issued the fiscal year 2025 **audit report** on August 20, 2025, concluding NCUA implemented an effective information security program by achieving an overall maturity level rating of Level 4.³ The outcome of NCUA's 2025 FISMA assessment and resulting Cybersecurity Performance Summary ratings are represented in Table 1. Table 2 explains the five maturity levels used for this assessment.

2 The Federal Information Security Modernization Act of 2014 (Public Law 113-283—December 18, 2014) amended the Federal Information Security Management Act of 2002.

3 All Inspector General reports are available on NCUA's [website](#).

Table 1: 2025 FISMA Cybersecurity Performance Summary	
Govern	Managed and Measurable (4)
Identify	Consistently Implemented (3)
Protect	Consistently Implemented (3)
Detect	Optimized (5)
Respond	Managed and Measurable (4)
Recover	Optimized (5)
Overall	Managed and Measurable (4)

Table 2: Inspector General Evaluation Maturity Levels	
Maturity Level	Maturity Level Description
Level 1: Ad-hoc	Policies, procedures, and strategy are not formalized; activities are performed in an ad-hoc, reactive manner.
Level 2: Defined	Policies, procedures, and strategy are formalized and documented but not consistently implemented.
Level 3: Consistently Implemented	Policies, procedures, and strategy are consistently implemented, but quantitative and qualitative effectiveness measures are lacking.
Level 4: Managed and Measurable	Quantitative and qualitative measures on the effectiveness of policies, procedures, and strategy are collected across the organization and used to assess them and make necessary changes.
Level 5: Optimized	Policies, procedures, and strategy are fully institutionalized, repeatable, self-generating, consistently implemented, and regularly updated based on a changing threat and technology landscape and business/mission needs.

Financial Management System Strategy

NCUA partners with the Enterprise Services Center within the U.S. Department of Transportation to provide NCUA with financial operations support services. Through this shared-service agreement, the agency uses the Oracle-based Delphi Financial Management system, which meets the requirements of the Federal Financial Management Improvement Act.

As part of our continuous quality improvement, NCUA continues to enhance financial management systems and strengthen process controls aimed to ensure operational efficiencies, transparency, production of reliable and useful data to decision makers and stakeholders, and compliance with applicable laws and regulations.

Digital Accountability and Transparency Act

The Digital Accountability and Transparency Act (DATA Act) was enacted in 2014 to increase the availability and accuracy of federal spending information and standardize government-wide reporting standards for such data. The DATA Act expands on reforms over federal awards reporting that began with the Federal Funding Accountability and Transparency Act of 2006 by requiring agencies to disclose expenditure information, including contracts, loans, and grants by submitting information for inclusion at [USASpending.gov](https://www.USASpending.gov). The Act does not apply to funding received outside of congressionally approved appropriations.

NCUA, an independent agency, receives an annual appropriation from Congress to administer the Community Development Revolving Loan Fund. Congress created the Revolving Loan Fund to stimulate economic development in low-income communities through the issuance of technical assistance grants and low-interest loans to qualifying credit unions (Public Law 96-123, November 20, 1979). As the funding for the Revolving Loan Fund stems from an appropriation, information regarding the Revolving Loan Fund is subject to the DATA Act. For the remaining funds NCUA administers, the agency is authorized to collect annual operating funding through fees paid by federal credit unions and other sources outside of congressional appropriations. The operating fees collected do not fall under the requirements of the Act. NCUA successfully submitted quality financial and award data for publication on [USASpending.gov](https://www.USASpending.gov) that was complete, timely, and accurate.

Debt Collection Improvement Act

The Debt Collection Improvement Act of 1996 sets forth standards for the administrative collection, compromise, suspension, and termination of federal agency collection actions and referrals to the proper agency for litigation. NCUA monitors, administers and collects on debt less than 120 days delinquent. All eligible, nonexempt debts greater than 120 days old are transferred to the U.S. Department of the Treasury for cross-servicing. Additionally, in accordance with the provisions of the Debt

Collection Improvement Act, NCUA's recurring payments are processed via electronic funds transfer.

Federal Civil Penalties Inflation Adjustment Act Improvements Act

NCUA has authority to assess civil penalties for violations specified in the Federal Credit Union Act and other laws NCUA enforces. The Federal Civil Penalties Inflation Adjustment Act of 1990, amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, requires agencies to adjust penalty amounts periodically for inflation. Specific details about the civil penalties, the authority for the penalty, adjustment dates, and current penalty amount can be found in the Other Information section of this report.

Government Charge Card Abuse Prevention Act

The Government Charge Card Abuse Prevention Act of 2012 requires agencies to establish and maintain safeguards and internal controls for purchase cards, travel cards, integrated cards, and centrally billed accounts. As part of our effective internal control structure, NCUA implemented sound controls to mitigate the risk of fraud, waste, and abuse. These controls are documented in our charge card procedures.

The Government Charge Card Abuse Prevention Act requires Inspectors General to conduct periodic risk assessments of agency purchase and travel cards to develop a plan to determine the scope, frequency, and number of audits or reviews. Based on these risk assessments, the NCUA's Office of Inspector General (OIG) is currently conducting an audit of NCUA's travel card program to evaluate compliance with federal laws, regulations, and agency policies, as well as the effectiveness of internal controls in preventing and detecting illegal, improper, or erroneous purchases and payments. The OIG plans to report on this work later this year.

Performance Results (Unaudited)

About the Performance Results Section

Throughout 2025, NCUA implemented strategies and initiatives designed to achieve its mission of protecting the system of cooperative credit and its member-owners through effective chartering, supervision, regulation, and insurance. The Performance Results section provides an overview of NCUA's performance structure and details performance results and challenges during the calendar year.

Performance Structure

The Performance Structure section provides an overview of NCUA's performance structure and illustrates the relationship between performance components.

Performance Planning and Process

The Performance Planning and Process section provides a brief overview of NCUA's performance process.

Program Evaluation and Review

The Program Evaluation and Review section describes how NCUA reviews its performance framework for future development of strategic goals, measures, and targets.

Cross-Agency Collaboration

The Cross-Agency Collaboration section describes NCUA's involvement in cross-agency initiatives to contribute to the success of NCUA's mission.

Performance Results by Strategic Goal

The Performance Results by Strategic Goal section provides the results for each performance measure for 2025 and, when available, five years of historical trend data; factors describing why particular performance measures were not met; and NCUA's plan to improve performance, where appropriate.

Validation and Verification of Performance Data

The Validation and Verification of Performance Data section discusses the ways in which performance data is verified and the completeness and reliability of the data contained within this part of the *Annual Report*.

Performance Structure

The Performance Results section is organized by strategic goal to describe NCUA's efforts to meet the objectives defined in the [2022 – 2026 Strategic Plan](#). This strategic plan outlines three strategic goals that are supported by ten strategic objectives, 16 performance goals, and 26 performance indicators set for 2025.¹

Strategic goals are general, outcome-oriented, long-term goals for the major functions and operations of the agency. Strategic goals represent how the agency's actions fulfill its mission of protecting the system of cooperative credit and its member-owners through effective chartering, supervision, regulation, and insurance.

Strategic objectives break down the broader strategic goals to a level that reflects specific outcomes or impacts the agency is working to achieve. They represent key aspects of each strategic goal, while also demonstrating how the strategic goal will be achieved.

Strategic goals and objectives tend to remain consistent for the duration of the Strategic Plan, while performance goals, indicators, and strategies may change or be refined as new information is gathered by the NCUA.

Performance goals are the actions the agency undertakes and measures to gauge progress achieving each strategic objective. Each performance goal is supported by one or more performance indicator or measure.

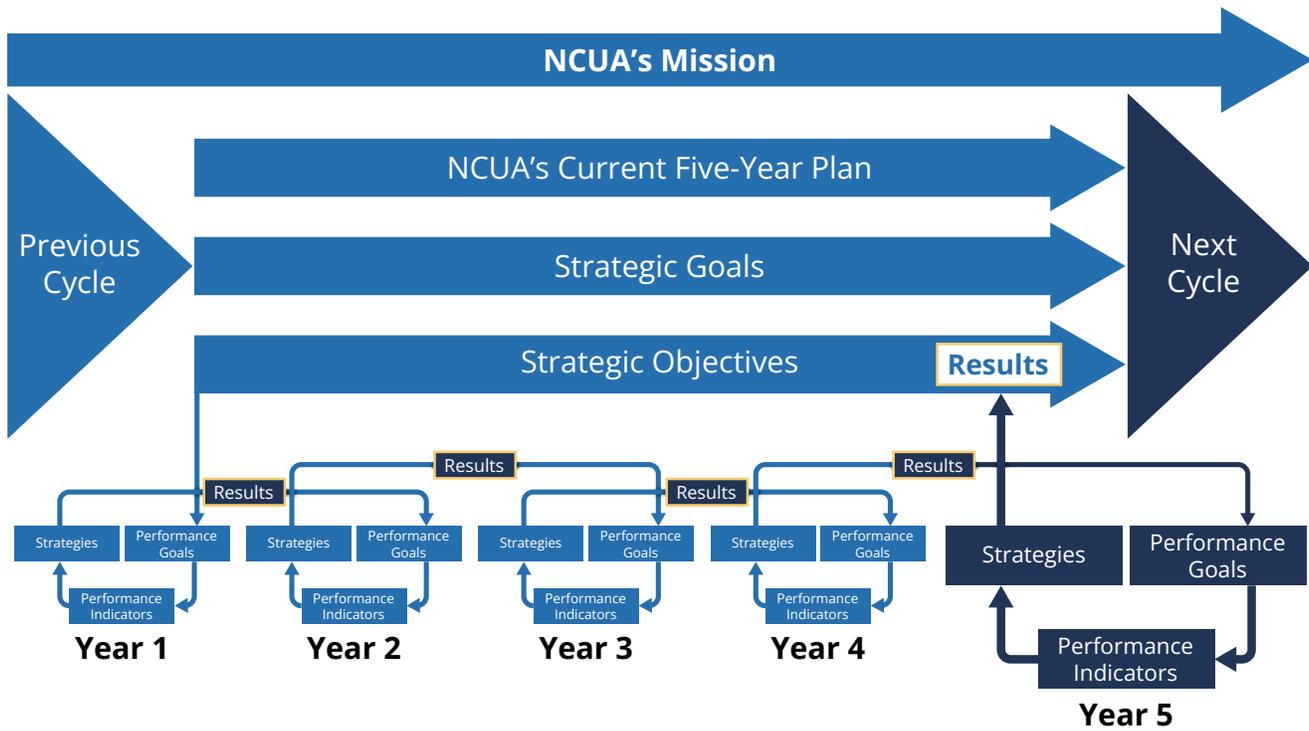
Performance indicators or measures present a quantitative level of performance, or a target to be accomplished, within a specific timeframe.

Strategies are plans and activities the agency will implement to make progress toward its strategic objectives. This includes steps to strengthen or revise operational processes, human capital, skills development, technology, information management, and other resources critical to mission delivery.

The results from the implementation of these strategies are used to inform the agency's annual performance planning process. The diagram on the next page illustrates the performance planning lifecycle and the relationship between the various performance components.

¹ The agency initially established 27 performance indicators for 2025; however, one indicator was removed in accordance with Executive Order 14151, "Ending Radical and Wasteful Government DEI Programs and Preferencing."

Performance Planning and Process



The [2025 Annual Performance Plan](#) sets out performance measures and targets in support of the goals and objectives of the strategic plan. Developing the performance plan is a collaborative process that includes NCUA’s central and regional offices. Senior executive leaders develop performance measures, as well as the means and strategies that describe how we will assess progress towards our objectives. The NCUA Board reviews and approves the *Annual Performance Plan*.

NCUA holds program offices accountable for setting meaningful and realistic targets that also challenge the agency to use its resources efficiently and effectively. Each designated goal owner is responsible for demonstrating progress meeting his or her assigned goals, reporting the results, and making operational adjustments as needed. When targets are not met, goal owners are required to explain what led to the shortfall and how they will improve performance in the future. Each goal owner provided their analysis and support for the performance results found in this report.

NCUA uses a data-driven review process, which includes substantiating results reported whenever those results reveal significant discrepancies or variances from the target. For each goal, the Office of the Chief Financial Officer coordinates reviews to address data availability and reliability, clarify questions, and, if applicable, discuss corrective actions and strategies for any performance measures that are not on target. This office also delivers performance summary reports to the Executive Director throughout the year.

Program Evaluation and Review

NCUA periodically reviews its performance framework and focuses on tracking and reporting the most appropriate and meaningful performance outcomes to demonstrate program efficiency, effectiveness, and results. The agency uses the results of these data-driven reviews and its annual performance report as data points for future development of strategies, goals, measures, and targets.

Targets and Historical Data

NCUA provides five years of historical trend data for each performance measure when available. Several performance goal indicators in this report are new for 2025 and therefore, historical data is not available. Prior-year results for these new indicators are marked as “—” in the performance results indicator and target tables. Baseline data collected in 2025 will be used to formulate performance goal targets for future years.

As part of the agency’s collaborative performance planning process, the Office of the Chief Financial Officer works with the agency’s Chief Economist and subject matter experts across the agency to consider external factors and risks to the credit union system when developing meaningful, challenging, and realistic targets. In the case of select performance measures, NCUA’s regulations, formal instructions, or policy statements guide our target selection.

Measure Quality

NCUA has not developed outcome-oriented performance indicators in all cases. In certain instances NCUA uses input and output measures that demonstrate support for outcomes, show the results of actions leading to outcomes, or provide otherwise valuable estimates about how the agency is progressing toward achieving its strategic goals and objectives.

Enterprise Risk Management

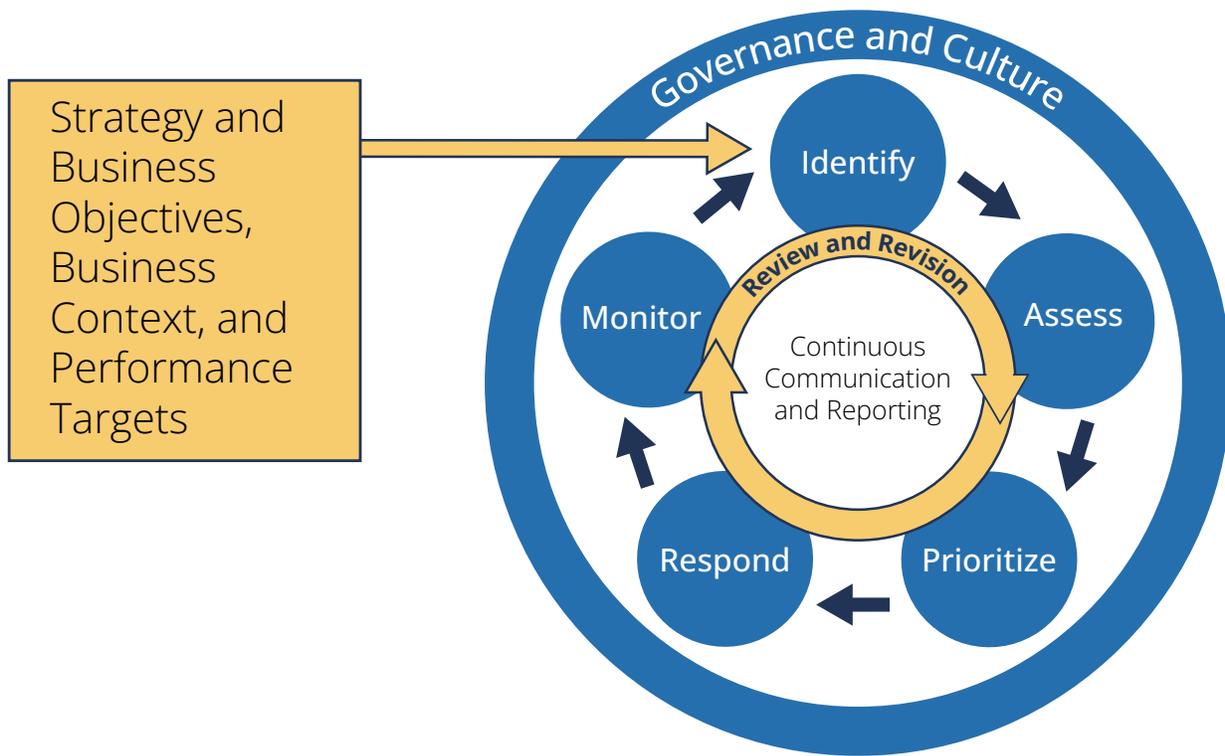
NCUA is subject to a variety of risks that relate to its objectives, strategies, operations, reputation, and environment. Through NCUA’s ERM program, the agency is proactively managing risks to achieving its mission, as well as maximizing opportunities across the agency. ERM examines the full spectrum of risks related to achieving NCUA’s strategic objectives and provides agency leadership with a portfolio view of risk to help inform decision-making.

An effective risk management approach helps to sustain success at the NCUA. The ERM program at NCUA is based on the conceptual framework shown in the following diagram. The framework helps the agency’s ERM Council identify and evaluate specific risks and prioritize and mitigate such risks on a continuous basis. The ERM program requires collaboration with risk coordinators, NCUA program managers, other agency

governing councils, and subject-matter experts. The ERM Council and NCUA program managers work to ensure that enterprise risks are properly managed and monitored so that NCUA can achieve its mission and strategic goals. Effective internal controls, combined with robust measurement and communication, are central to effective decision-making and risk optimization within the NCUA.

The agency’s *risk appetite statement*, approved by the NCUA Board in 2022, guides NCUA’s actions to achieve its strategic objectives and protect the system of cooperative credit and its member-owners through effective chartering, supervision, regulation, and insurance. NCUA will continue to advance its ERM program by conducting routine risk monitoring, completing point-in-time risk reviews, and reviewing its risk inventory and risk appetite.

NCUA’s Enterprise Risk Management Framework



Cross Agency Collaboration

NCUA is involved in numerous cross-agency initiatives by collaborating with the other financial regulatory agencies through councils such as the Financial Stability Oversight Council, the Federal Financial Institutions Examination Council, and the Financial and Banking Information Infrastructure Committee. In addition, NCUA also participates in cross-agency councils and working groups focused on artificial intelligence, data governance, cybersecurity, and other federal matters. These councils and committees and their many associated task forces and working groups contribute to the success of NCUA’s mission.

Performance Results by Strategic Goals

The NCUA Board approved the agency’s 2025 Annual Performance Plan (APP) on January 16, 2025, at the end of the prior presidential administration and under the leadership of then Chairman Harper. The APP was based on the three strategic goals established by the NCUA Board in 2022.¹ After the start of the current administration, newly named Chairman Hauptman led the agency through a period of historic change. Over the course of the year, the agency adjusted its priorities and programs to comply with the administration’s Executive Orders and other policy directions. While some of the performance goals adopted in early 2025 aligned with the current administration’s efforts, it was not possible to achieve others because of refocused resources or reprioritized work.

The agency made progress across all three strategic goals in place in 2025, meeting or exceeding 17 of 26 performance indicators. Each of the performance goals and corresponding results are presented in the following sections, and organized to show the alignment to the strategic goals and objectives set in 2022. Consistent with law and Office of Management Budget requirements, the agency expects to update its strategic goals and objectives in 2026.

Target Met	NCUA is successfully implementing its plans to achieve the strategic objective. Strategies and activities have been executed on or ahead of schedule, and the target outcome was achieved. Minor delays in the planned execution schedule may exist due to exigent circumstances; however, the overall target outcome was achieved within the plan year.	✓
Target Significantly Met	NCUA has successfully achieved at least 80 percent of its target, and most of its strategies and activities were completed on or ahead of schedule. Delays in the planned execution schedule, external factors, or internal resource constraints may have contributed to the agency not fully meeting its target.	+
Target Not Met	Current strategies have not had the intended impact, and an increased focus is needed by the agency to improve performance on the strategic objective. Some strategies and activities may have been executed, but more progress is needed to advance the strategic objective.	✗
Data Not Available	Performance data are not available due to external factors.	⚠

1 See: <https://ncua.gov/files/agenda-items/strategic-plan-20220317.pdf>

2022 – 2026 Strategic Goal 1: Ensure a Safe, Sound, and Viable System of Cooperative Credit that Protects Consumers	
2022 – 2026 Strategic Objectives	Performance Goals
1.1 Maintain a financially sound Share Insurance Fund.	1.1.1 Prudently manage the Share Insurance Fund.
1.2 Provide effective and efficient supervision.	1.2.1 Identify and address undue risk and violations in NCUA-insured credit unions.
	1.2.2 Provide fair and consistent supervision of NCUA-insured credit unions.
1.3 Ensure compliance with, and enforcement of, federal consumer financial protection laws and regulations at credit unions.	1.3.1 Identify and address violations of consumer protection laws and regulations.
1.4 Ensure NCUA-insured credit unions can appropriately manage emerging opportunities and risks, including cybersecurity and climate-related financial risk.	1.4.1 Evaluate cybersecurity practices in credit unions.
	1.4.2 Identify and address undue risk associated with asset concentration and other risks.
1.5 Ensure NCUA policies and regulations appropriately address emerging and innovative financial technologies, including digital assets.	1.5.1 Identify and evaluate opportunities and challenges for federally insured credit unions to adopt emerging financial technology, including artificial intelligence.

The Federal Credit Union Act requires NCUA to oversee America’s credit union system and administer the Share Insurance Fund. The agency also has statutory responsibility for supervising compliance with other federal laws and regulations.

One of NCUA’s primary functions is to identify and assess credit union system risks, threats, and vulnerabilities, determine the magnitude of such risks, and mitigate unacceptable levels of risk through its examination, supervision, and enforcement programs. Strategic Goal 1 from the 2022-2026 Strategic Plan focused on protecting America’s system of cooperative credit and minimizing unacceptable levels of current and future risk while encouraging stability within the credit union system.

NCUA made progress in 2025 on the five strategic objectives for 2022-2026 Strategic Goal 1, for which there were seven performance goals and 12 indicators to measure

results. The agency met its target for nine of the 12 performance indicators. As required by law, an explanation is provided for the indicators that did not meet their targets during the year.²

2022 – 2026 Strategic Objective 1.1 – Maintain a Financially Sound Share Insurance Fund

The Share Insurance Fund is a cooperative insurance fund comprised of a one percent capitalization deposit from insured credit unions, income and retained earnings from prudent investment strategies, and premium assessments when needed. In 2025, NCUA maintained a financially sound Share Insurance Fund that protected credit union member-owners against unexpected losses from failed credit unions and maintained public confidence in federal share insurance and the financial services system.

2025 Performance Indicators	2020	2021	2022	2023	2024	2025 Target	2025 Result	Status
1.1.1 Prudently manage the Share Insurance Fund.								
Maintain Share Insurance Fund losses at or below 2025 established reserve for losses.	—	Achieved	Achieved	Achieved	Achieved	Achieve	Achieved	✓
Maintain the Share Insurance Fund equity ratio at or above the minimum statutory level and at or below the Normal Operating Level. ³	1.26%	1.26%	1.30%	1.30%	1.30%	At or between the statutory minimum and the Normal Operating Level	1.30%	✓

2 See: <https://uscode.house.gov/view.xhtml?edition=prelim&req=granuleid:USC-prelim-title31-section1116>

3 The minimum statutory level is 1.20 percent and the current Normal Operating Level, set by the NCUA Board, is 1.33 percent.

2022 – 2026 Strategic Objective 1.2 – Provide Effective and Efficient Supervision

In 2025, NCUA’s examination and supervision program continued to evolve alongside a growing and changing credit union. NCUA also promoted efficiency, allocating examination resources to credit unions of highest risk and conducting effective offsite monitoring. Important components of an effective and efficient examination and supervision program included highly skilled examiners, risk-based examination policies, robust data collection and analyses, reliable technological tools, and a strong quality assurance program.

2025 Performance Indicators	2020	2021	2022	2023	2024	2025 Target	2025 Result	Status
1.2.1 Identify and address undue risk and violations in NCUA-insured credit unions.								
Start examinations within timelines permitted by agency policy for federally insured credit unions on an annual examination schedule and federal credit unions on an extended examination cycle.	—	—	92%	96%	98%	Greater than or Equal to 97 percent	98%	✓
Start follow-up examinations for federal credit unions with assets greater than \$500 million and a CAMELS composite 3 rating within timelines permitted by agency policy to ensure all material safety and soundness concerns are being addressed.	—	—	89%	92%	92%	Greater than or Equal to 97 percent	100%	✓

2025 Performance Indicators	2020	2021	2022	2023	2024	2025 Target	2025 Result	Status
1.2.2 Provide fair and consistent supervision of NCUA-insured credit unions.								
Obtain positive responses on the post examination survey credit union responses related to the collaboration, narrative, and delivery of the examination report.	—	97%	96%	98%	94%	Greater than or Equal to 90 percent	97%	✓

2022 – 2026 Strategic Objective 1.3 – Ensure Compliance with, and Enforcement of, Federal Consumer Financial Protection Laws and Regulations at Credit Unions.

In 2025, NCUA fulfilled its responsibilities enforcing certain federal consumer financial protection laws and regulations as well as provisions of the Bank Secrecy Act, the Flood Disaster Protection Act, and the Secure and Fair Enforcement for Mortgage Licensing Act. The agency also performed targeted consumer compliance reviews during risk-focused examinations.

2025 Performance Indicators	2020	2021	2022	2023	2024	2025 Target	2025 Result	Status
1.3.1 Identify and address violations of consumer protection laws and regulations.								
Complete at least 60 fair lending examinations.	19	29	35	46	64	Greater than or Equal to 60	57	+
Achieve a Consumer Assistance Center Phase I resolution rate of at least 90 percent.	—	—	97%	98%	98%	Greater than or Equal to 90 percent	99%	✓

2025 Performance Indicators	2020	2021	2022	2023	2024	2025 Target	2025 Result	Status
1.3.1 Identify and address violations of consumer protection laws and regulations.								
Adopt a Board-approved framework for beginning to implement an enhanced consumer compliance framework for complex credit unions.	—	—	—	—	—	Achieve	Not Achieved	x

Discussion.

Fair Lending Examinations: The agency completed 57, or 95 percent, of the targeted 60 fair lending examinations. In 2026, NCUA is committed to continuing to identify and address violations of consumer financial protection laws and regulations in credit unions.

Enhanced Consumer Compliance Framework: In 2025, the resources initially assigned to develop the framework were reallocated to higher priority initiatives.

2022 – 2026 Strategic Objective 1.4 – Ensure NCUA-Insured Credit Unions Can Appropriately Manage Emerging Opportunities and Risks, Including Cybersecurity and Climate-Related Financial Risk.

In 2025, NCUA successfully balanced responsible oversight while allowing credit unions to promote innovation.

2025 Performance Indicators	2020	2021	2022	2023	2024	2025 Target	2025 Result	Status
1.4.1 Evaluate cybersecurity practices in credit unions.								
Complete information security reviews during examinations of federally insured credit unions.	—	—	Developed Procedures	Implemented Procedures	97%	Greater than or Equal to 95 percent	99%	✓
1.4.2 Identify and address undue risk associated with asset concentration and other risks.								
Conduct 95 percent of exams or supervision contacts for credit unions with high concentrations in specific loan types according to established timelines.	Implemented Procedures	Commenced Reviews	99%	100%	100%	Greater than or Equal to 95 percent	97%	✓

2022 – 2026 Strategic Objective 1.5 – Ensure NCUA Policies and Regulations Appropriately Address Emerging and Innovative Financial Technologies, Including Digital Assets.

In 2025, NCUA took several actions to support credit union adoption of technology, including AI, when implemented in a safe, sound, and compliant manner. In June, NCUA staff provided a briefing at an open Board meeting, reinforcing this position. Additionally, the agency published an Artificial Intelligence (AI) resources page that provides resources on AI-specific risk management considerations to help credit unions make informed decisions when implementing AI or partnering with AI service providers. The agency also made significant progress in 2025 to develop regulations required under the GENIUS Act, which will provide a framework for the use of payment stablecoins in the credit union industry.

2025 Performance Indicators	2020	2021	2022	2023	2024	2025 Target	2025 Result	Status
1.5.1 Identify and evaluate the opportunities and challenges for federally insured credit unions to adopt emerging financial technology, including artificial intelligence.								
Conduct analysis to identify barriers to financial technology adoption in the credit union system.	—	—	—	—	Delayed	Complete by Dec 31, 2025	Not Achieved	✘
Promote and facilitate ongoing dialog with stakeholders on existing and emerging technologies in the credit union system.	—	—	—	—	Achieved	Complete by Dec 31, 2025	Achieved	✔

Discussion.

Barrier Analysis: NCUA did not complete a formal analysis of barriers to credit union adoption of financial technology, shifting resources instead to address statutory changes related to payment stablecoins and digital assets. However, the agency continued to collect feedback from credit unions and other stakeholder on challenges to adoption of financial technology. This feedback was collected through outreach events and submissions to AskNCUA.

2022 – 2026 Strategic Goal 2: Improve the Financial Well-Being of Individuals and Communities Through Access to Affordable and Equitable Financial Products and Services.

2022 – 2026 Strategic Objectives	Performance Goals
2.1 Enhance consumer access to affordable, fair, and federally insured financial products and services.	2.1.1 Expand community and individual access to safe and affordable credit union products and services.
	2.1.2 Empower consumers with financial education information.
2.2 Support and foster small, minority, low-income, and new credit unions.	2.2.1 Support the viability of credit unions.
	2.2.2 Maximize the agency's grant program.

NCUA continued its efforts in 2025 to expand access to credit union services, especially for those of modest means. The agency chartered new credit unions while simultaneously approving field of membership expansions, helping new consumers access affordable credit and savings options previously unavailable to them.

NCUA made progress in 2025 on the two strategic objectives and four performance goals established for 2022-2026 Strategic Goal 2. Seven indicators were used to measure progress towards this strategic goal. The agency met its target for four of seven performance indicators. As required by law, an explanation is provided for the indicators that did not meet their targets during the year.

2022 – 2026 Strategic Objective 2.1 – Enhance Consumer Access to Affordable, Fair, and Federally Insured Financial Products and Services.

NCUA is committed to complying with laws and regulations related to consumer access to safe and affordable financial products and services. Through the agency's role on the Financial Literacy and Education Commission, chaired by the Secretary of the Treasury, NCUA supported 2025 efforts to inform consumers about ways to make better financial decisions for themselves and for their communities.

2025 Performance Indicators	2020	2021	2022	2023	2024	2025 Target	2025 Result	Status
2.1.1 Expand community and individual access to safe and affordable credit union products and services.								
Approve at least 40 Underserved Area expansions, in accordance with regulation and agency policy.	—	—	—	47	68	Greater than or Equal to 40	54	✓
Identify at least three financial deserts and work with credit unions to develop and implement outreach plans for each area to expand access to safe and affordable financial products and services.	—	—	—	—	—	Implement Outreach Plans for Three Financial Deserts	Not Achieved	✗
2.1.2 Empower consumers with financial education information.								
Maintain the reach of NCUA's consumer financial education and literacy information at or above prior three-year average levels.	—	Achieved	Achieved	Achieved	Not Achieved	Achieve	Not Achieved	+

Discussion.

Identify Financial Deserts: In 2025, NCUA discontinued efforts to identify specific financial deserts and reallocated the project’s resources to programs focused on emerging financial technologies. While NCUA did not accomplish this indicator, it did streamline the application process for certain field of membership expansion requests, including those for credit unions expanding to historically underserved areas. In 2025 NCUA approved 54 expansions to underserved areas.

Maintain Consumer Financial Education: NCUA accomplished 99 percent of its 2024 financial literacy reach performance in 2025, but only 80 percent compared to the three-year average set in the performance target. This is notable because the agency largely maintained its outreach to consumers while simultaneously adjusting its other engagements to align with the Administration’s priorities.

2022 – 2026 Strategic Objective 2.2 – Support and Foster Small, Minority, Low-Income, and New Credit Unions.

NCUA developed several initiatives in 2025 to foster new and small credit unions, and support credit unions serving those of modest means. NCUA also provided support to federally insured credit unions that serve communities and individuals who may lack access to mainstream financial products and services.

2025 Performance Indicators	2020	2021	2022	2023	2024	2025 Target	2025 Result	Status
2.2.1 Support the viability of credit unions.								
Implement the updated MDI preservation program, as approved by the NCUA Board in February 2024.	—	—	—	—	—	Achieve	Achieved	✓
Increase the number of members in MDI-designated credit unions by 20% over the 2024 year-end level.	4.3m	4.6m	5.2m	6.5m	6.5m ⁴	20 percent higher than 2024 year-end levels.	7.0m	✗
Conduct small credit union and MDI assistance program support contacts for 100 percent of participating credit unions.	—	—	Program Implemented	100%	100%	100 percent of participating credit unions	100%	✓
2.2.2 Maximize the agency's grant program.								
Increase the number of CDRLF grant applicants by at least 5 percent.	—	—	220	290	267	Greater than or Equal to a 5 percent increase	238	✗

4 The 2024 Annual Report showed an MDI-designated credit union membership level of 7.1m because at the time of publication NCUA was revising its data collection methodology for MDI self-certification. The updated 2024 year-end result of 6.5m MDI members, and the 2025 year-end result of 7.0M MDI members, is based on current requirements for MDI self-certification.

Discussion.

Increase MDI-designated Membership: The number of members in MDI-designated credit unions increased by more than 6.8 percent in 2025, a notable achievement but below the target for this indicator. Membership in MDI-designated credit unions increased to approximately 7.0 million in 2025 from approximately 6.5 million in 2024. The total number of MDI-designated credit unions also increased to 450 in 2025 from 407 in 2024, an increase of approximately 10.6 percent.

Increase Applications for CDRLF Grants: The number of CDRLF grant applications submitted by credit unions in 2025 was 11 percent below the 2024 level, which did not accomplish the agency's goal of increasing applications by 5 percent. Although the count of applications declined, the CDRLF grant program made other notable achievements. Compared to 2024, the program received 10 percent more grant applications from credit unions that had never previously applied, and twice as many re-applications from credit unions that had previously not received an award. The program also received 84 applications for its credit union cybersecurity grant initiative, demonstrating continued demand for assistance with cybersecurity challenges.

Several factors contributed to the decreased 2025 application volume compared to 2024. The count of low-income designated (LID) credit unions decreased approximately 2 percent in 2025, reducing the pool of eligible applicants. NCUA also released its 2025 grant round competition schedule later than in past years because of delays in the Congressional appropriations cycle.

2022 – 2026 Strategic Goal 3: Maximize Organizational Performance to Enable Mission Success

2022 – 2026 Strategic Objectives	Performance Goals
3.1 Attract, develop, and retain an engaged, high-performing, diverse workforce within an inclusive, professional environment.⁵	3.1.1 Deliver effective employee development programs to all staff.
	3.1.2 Foster a professional, inclusive workplace that values diverse perspectives, maximizes employees’ contributions, and fosters belonging.
3.2 Deliver improved business processes supported by secure, innovative, and reliable technology solutions and data.	3.2.1 Provide resilient and modern technology and data solutions.
	3.2.2 Gain efficiencies through quality processes, systems, and project management.
3.3 Ensure sound organizational governance.	3.3.1 Foster an effective risk management and internal control environment.

Achieving NCUA’s third strategic goal required effective communication, collaboration, and coordination by all staff across all offices within the agency. To achieve this strategic goal, the agency had to be prudent and effective in its administration of human capital, employee and operational security, data, information technology systems and assets, financial management, and employee engagement.

NCUA made progress in 2025 on the three strategic objectives and five performance goals for 2022-2026 Strategic Goal 3. The agency met its target for five of its seven performance indicators for Strategic Goal 3. As required by law, an explanation is provided for the indicators that did not meet their targets during the year.

⁵ An indicator for performance goal 3.1.2 was removed in accordance with Executive Order 14151, “Ending Radical and Wasteful Government DEI Programs and Preferencing.”

2022 – 2026 Strategic Objective 3.1 – Attract, develop, and retain an engaged, high-performing, diverse workforce within an inclusive, professional environment.

NCUA aims to foster a professional work environment that attracts and retains innovative, high-performing, and highly engaged employees. Workforce engagement is critical to the successful performance of NCUA because an engaged workforce is more efficient, productive, and accountable in achieving the organization’s mission.

2025 Performance Indicators	2020	2021	2022	2023	2024	2025 Target	2025 Result	Status
3.1.1 Deliver effective employee development programs to all staff.								
Obtain at least a 4 (out of 5) average satisfaction rating in class and program evaluations.	—	4.5	4.7	4.7	4.6	Greater than or Equal to 4	4.6	✓
3.1.2 Foster a professional, inclusive workplace that values diverse perspectives, maximizes employees’ contributions, and fosters belonging.								
Maintain or improve NCUA’s FEVS Employee Engagement Index results compared to the 2024 result.	76%	77%	76%	77%	80%	80 percent or higher	Data not Available	⚠

Discussion.

FEVS Employee Engagement Index: The US Office of Personnel Management (OPM) did not administer the Federal Employee Viewpoint Survey (FEVS) in 2025. OPM is expected to update the questions and resume administering the FEVS on its regular schedule in 2026.

2022 – 2026 Strategic Objective 3.2 – Deliver Improved Business Processes Supported by Secure, Innovative, and Reliable Technology Solutions and Data.

NCUA implemented new technology responsibly and delivered secure, reliable, and innovative technological solutions in 2025. The agency also enhanced select business processes to strengthen its efficiency while planning for new and improved analytical techniques to strengthen its supervisory approach.

2025 Performance Indicators	2020	2021	2022	2023	2024	2025 Target	2025 Result	Status
3.2.1 Provide resilient and modern technology and data solutions.								
Targeted agency systems are accessible and available.	—	—	Achieved	Achieved	Achieved	Achieve or exceed availability targets	Achieved	✓
Maintain an overall maturity rating of at least Level 4, Managed and Measurable, for NCUA’s annual Federal Information Security Management Act information security program assessment.	Level 2	Level 4	Level 4	Level 4	Level 4	Level 4 or Higher	Achieved	✓
3.2.2 Gain efficiencies through quality processes, systems, and project management.								
Award at least 70 percent of total eligible contract dollars as competitive actions.	88%	59%	83%	75%	69%	Greater than or Equal to 70 percent	85%	✓

2022 – 2026 Strategic Objective 3.3 – Ensure sound organizational governance

Sound organizational governance at NCUA ensures the stability of its four permanent funds, promotes responsible management of its resources, and ensures the agency complies with relevant laws, policies, and standards. NCUA implements strategies and initiatives to promote efficient business processes, sound internal controls, and effective risk management practices.

2025 Performance Indicators	2020	2021	2022	2023	2024	2025 Target	2025 Result	Status
3.3.1 Foster an effective risk management and internal control environment.								
Complete at least 90 percent of Office of the Inspector General recommendations within the established timeframes.	72%	79%	79%	71%	50%	Greater than or Equal to 90 percent	55%	
Receive an unmodified opinion on NCUA’s financial statement audits.	Achieved	Achieved	Achieved	Achieved	Achieved	Achieve	Achieved	

Discussion.

OIG recommendations: NCUA completed corrective actions on six of 11 OIG audit recommendations with completion dates in 2025, missing the 90 percent target. NCUA has taken action on the remaining five recommendations and is awaiting review of those actions by the OIG to confirm whether they are responsive to the recommendations. Because NCUA takes seriously the importance of audit findings, it will continue to engage the responsible agency stakeholders and provide support for achieving open recommendations within agreed-upon timeframes. Such efforts strengthen agency performance.

Validation and Verification of Performance Data

The agency's 2025 performance results are based on reliable and valid data that are complete as of the end of the calendar year or as otherwise noted. Staff within the Office of the Chief Financial Officer review all performance results to assess the effectiveness of programs and the completeness and accuracy of the data. The office also evaluates how risks and opportunities affect the achievement of the agency's strategic goals and objectives. Data management and data reliability are important when determining performance outcomes. Currently, the Offices of Examination and Insurance, National Examinations and Supervision, and the agency's regional offices review data provided by credit unions as well as the performance results of NCUA's examination and supervision programs. Other offices track and review the results of their own programs and responsibilities. Each reporting office, with support provided by the Office of the Chief Information Officer, monitors and maintains automated systems and databases that collect, track, and store performance data.

In addition to general controls in place at NCUA that ensure only authorized staff can access key systems, each application or system incorporates internal validation edits to ensure the accuracy of data contained therein. These application edits include checks for reasonableness, consistency, and accuracy. Cross-checks between other internal automated systems also provide assurances of data accuracy and consistency. Data provided by NCUA during the financial statement audit provide another level of assurance. The NCUA Board deems the data as current, reliable, and accurate to support the agency's performance results.

Financial Information

About the Financial Information Section

In 2025, NCUA prepared its financial statements to demonstrate accountability and stewardship of the resources entrusted to it to support our mission. Preparation of these statements is critical to NCUA's goal of providing accurate and reliable information for decision making by our stakeholders.

The Federal Credit Union Act provides the overarching legal requirements regarding NCUA's annual audited financial statements. Separate financial reporting provides transparency for each fund's particular stakeholders and complies with the intent of the Federal Credit Union Act. NCUA files its four separately audited financial statements as Annual Management Reports per the Government Corporation requirements under OMB Circular A-136.

The National Credit Union Share Insurance Fund prepares its financial statements in accordance with accounting standards issued by the Federal Accounting Standards Advisory Board while the NCUA Operating Fund, Central Liquidity Facility, and Community Development Revolving Loan Fund prepare their financial statements in accordance with accounting standards issued by the Financial Accounting Standards Board. Each fund is integral to the performance of NCUA's mission to protect the system of cooperative credit and its member-owners through effective chartering, supervision, regulation, and insurance.

National Credit Union Share Insurance Fund (Share Insurance Fund)

Congress created the Share Insurance Fund in 1970 to insure members' shares (deposits) in credit unions. The Share Insurance Fund protects members' accounts in insured credit unions in the event of a credit union failure. The Share Insurance Fund insures the balance of each members' accounts, dollar-for-dollar, up to the standard maximum share insurance amount of \$250,000, including principal and posted dividends through the date of a failure, subject to various rules on account types, rights, and capacities.

NCUA Operating Fund

The NCUA Operating Fund was established as a revolving fund in the United States Treasury to provide administration and service to the federal credit union system. A majority of the Fund's revenue is comprised of operating fees paid by federal credit unions. The NCUA Operating Fund supports the other three funds managed by the NCUA Board by providing office space, information technology services, and supplies as well as paying employee salaries and benefits. Certain types of support are reimbursed to the Fund by the Share Insurance Fund and Central Liquidity Facility while support of the Community Development Revolving Loan Fund is not reimbursed.

Central Liquidity Facility (CLF)

The CLF is designated as a mixed-ownership government corporation and is managed by the NCUA Board. The CLF was created to improve the general financial stability of credit unions by serving as a liquidity lender to credit unions experiencing unusual or unexpected liquidity shortfalls.

Community Development Revolving Loan Fund (Revolving Loan Fund)

The Revolving Loan Fund was established to stimulate economic development in low-income communities. Through its loan and technical assistance grant program, the Revolving Loan Fund stimulates economic activities in the communities served by low-income designated federally chartered and state-chartered credit unions.

These financial awards are appropriated by Congress and are intended to support credit unions in their efforts to provide basic financial services to residents in their communities, enhance their capacity to better serve their members and respond to emergencies. The Revolving Loan Fund is the only NCUA fund that receives an annual appropriation from Congress.

Message from the Chief Financial Officer



Melissa Lowden
Acting Chief
Financial Officer

I am pleased to present the 2025 financial statements for NCUA's four funds:

- the National Credit Union Share Insurance Fund;
- the Operating Fund;
- the Central Liquidity Facility; and
- the Community Development and Revolving Loan Fund.

The financial statements and footnotes follow the updated 2025 requirements in OMB Circular A-136, reflecting a single-year presentation format for both the statements and their accompanying notes. As we share this year's Annual Report, the results reflect strong oversight and a sustained commitment to quality.

For another consecutive year, our independent auditors issued an unmodified—or “clean”—audit opinion, underscoring the rigor of our internal controls and the transparency of our financial management. The AGA also recognized NCUA with its eighth Certificate of Excellence in Accountability Reporting for the 2024 Annual Report, along with a Best-in-Class Award for our Informative Analysis of Systems, Controls, and Legal Compliance.

In a year of rapid change, I'm proud to say our agency has remained steady and adaptable. We continued to innovate in 2025, developing data transformation tools, automating processes and advancing reporting platforms. These upgrades haven't just made us faster, they've allowed us to operate as a highly effective, lean team. With routine data entry and compilation now more fully automated, our teams can stay focused on deeper, high-value analysis—ensuring our experts spend their time on the work that most meaningfully advances our mission.

This year, we launched the new Share Insurance Fund dashboard, a major step forward in improving transparency and decision-making. Designed around common questions from leadership and stakeholders, the dashboard provides intuitive, interactive access to key financial data, replacing static reports with a dynamic view of Fund performance. It gives NCUA and the Board clearer, more actionable insights to support strong oversight and stewardship of a financially sound Fund. We also enhanced public access by introducing mobile-friendly layouts, accessibility features, and easy navigation through sections, tabs, and live links. Users can hover or click to reveal details and

explore deeper drill-downs, including income and expense breakdowns. Much credit goes to the team behind this true digital presentation of the Fund's performance.

NCUA continued to promote transparency and public involvement in its annual budget process in 2025. On December 18th, the Board approved the 2026 budget following the publication of the draft budget in the Federal Register, public comments from stakeholders, and a public briefing. The final budget reflects a 20 percent reduction in spending from 2025, including a 23 percent decrease in staffing positions and a 25 percent reduction in federal credit union operating fees, all aimed at streamlining operations.

Our achievements this year reflect the incredible talent and heart of our staff, and I'm grateful every day to work alongside people so committed to those we serve.

Sincerely

Melissa Lowden

Melissa Lowden
Acting Chief Financial Officer
February 13, 2026

Message from the Office of Inspector General

NCUA



OFFICE OF THE INSPECTOR GENERAL

February 13, 2026

The Honorable Kyle S. Hauptman, Chairman
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314

Dear Chairman Hauptman:

I am pleased to transmit KPMG LLP's (KPMG) report on its audit of the National Credit Union Administration's (NCUA) financial statements, which includes the Share Insurance Fund, the Operating Fund, the Central Liquidity Facility, and the Community Development Revolving Loan Fund, as of and for the year ended December 31, 2025. The NCUA prepared financial statements in accordance with the Office of Management and Budget (OMB) Circular No. A-136 Revised, *Financial Reporting Requirements*, and provided it for the audit.

Under a contract monitored by the NCUA Office of Inspector General (OIG), KPMG, an independent certified public accounting firm, performed an audit of NCUA's financial statements as of December 31, 2025. The contract required that the audit be performed in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States, OMB audit guidance, and the *Government Accountability Office/Council of the Inspectors General on Integrity and Efficiency Financial Audit Manual*.

KPMG's audit report for 2025 includes: (1) an opinion on the financial statements, (2) conclusions on internal control over financial reporting, and (3) a section addressing compliance and other matters. In its audit of the NCUA, KPMG found:

- The financial statements were fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles,

National Credit Union Administration
1775 Duke Street | Alexandria, VA 22314 | [ncua.gov](https://www.ncua.gov)

The Honorable Kyle S. Hauptman, Chairman

February 13, 2026

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- There were no deficiencies in internal control identified as material weaknesses or significant deficiencies, and
- There were no instances of reportable noncompliance with laws and regulations it tested or other matters required to be reported under Government Auditing Standards or OMB guidance.¹

To ensure the quality of the audit work, we reviewed KPMG's approach and planning of the audit, evaluated the qualifications and independence of the auditors, monitored the progress of the audit at key points, and reviewed and accepted KPMG's reports and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, opinions on the NCUA's financial statements or conclusions about the effectiveness of internal control or conclusions on compliance with laws and regulations. KPMG is responsible for the attached auditor's reports dated February 13, 2026, and the conclusions expressed in the reports. However, our review disclosed no instances where KPMG did not comply, in all material respects, with generally accepted government auditing standards.

We would like to extend our thanks to NCUA management and staff involved in issuing the financial statements within the established milestones. In addition, we appreciate the professionalism, courtesies, and cooperation extended to KPMG throughout the audit and to the OIG during our oversight of the audit process.

Respectfully,



Marta Erceg
Acting Inspector General

¹ A significant deficiency is defined as a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is defined as a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. Consideration of internal control was limited to the purposes of the audits and not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified.

The Honorable Kyle S. Hauptman, Chairman
February 13, 2026
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cc: Executive Director Larry Fazio
Chief of Staff Sarah Bang
Acting Deputy Executive Director Kelly Lay
General Counsel Frank Kressman
OEAC Director Sierra Robinson
Acting Chief Financial Officer Melissa Lowden
Acting Chief Information Officer Amber Gravius
Acting Director of Office of Credit Union Resources and Expansion Marcia Sigal
Acting Director of Office of Examination & Insurance Amanda Parkhill
AMAC President Cory Phariss
Acting President of Central Liquidity Facility Matthew Biliouris

Financial Information

National Credit Union Share Insurance Fund

Financial Statements as of and for the Year Ended
December 31, 2025, and
Independent Auditors' Report

Overview

I. Mission and Organizational Structure

NCUSIF Mission

The National Credit Union Administration (NCUA) administers the National Credit Union Share Insurance Fund (NCUSIF or Fund).¹ Congress created the NCUSIF in 1970 to insure members' shares (deposits) in credit unions. The NCUSIF protects members' accounts in insured credit unions in the event of a credit union failure. The NCUSIF insures the balance of each members' accounts, dollar-for-dollar, up to at least the standard maximum share insurance amount of \$250,000, including principal and posted dividends through the date of a failure, subject to various rules on account types, rights, and capacities. As of December 31, 2025, the NCUSIF insured \$1.9 trillion in member shares in 4,298 credit unions, which included 11 corporate credit unions.

Organizational Structure

The NCUA's Executive Director is responsible for the agency's daily operation. The Director of the Office of Examination and Insurance (E&I) is responsible for the NCUA's supervision programs, which ensure the safety and soundness of federally insured credit unions. The E&I Director is also responsible for managing the NCUSIF. Regional offices and the Office of National Examinations and Supervision are responsible for the examination and supervision of federally insured credit unions. Other NCUA offices provide operational and administrative services to the NCUSIF.

The Asset Management and Assistance Center (AMAC) is responsible for conducting credit union liquidations. Upon liquidation, a credit union is closed and becomes an Asset Management Estate (AME). AMAC collects the obligations due to the AME, monetizes assets and distributes amounts to claimants, including the NCUSIF, according to their respective regulatory payout priorities. AMEs include assets and liabilities from failed natural person credit unions (NPCU AMEs) and corporate credit unions (Corporate AMEs).

II. Performance Goals, Objectives, and Results

Performance measures are designed to enable management and stakeholders to assess programs and financial performance. In measuring the performance of the NCUSIF for 2025, the following additional measures should be considered:

¹ The NCUSIF is one of four funds established in the U.S. Treasury and administered by the NCUA Board as of December 31, 2025. The four permanent funds include the NCUSIF, the Operating Fund, the Central Liquidity Facility (CLF) and the Community Development Revolving Loan Fund. All four funds report under separate financial statements.

2025 Performance Measures	
	December 31, 2025
Equity Ratio	1.30%
Insured Shares	\$1.9 trillion
Number of Credit Union Involuntary Liquidations and Assisted Mergers	6
Assets in CAMELS ² 3, 4 and 5 rated Credit Unions	\$184.1 billion

Equity Ratio and Normal Operating Level

The financial performance of the NCUSIF can be measured by comparing the equity ratio to the Normal Operating Level (NOL). The equity ratio is calculated as the ratio of the one-percent (1.00%) contributed capital deposit plus cumulative results of operations, excluding net cumulative unrealized gains and losses on investments, to the aggregate amount of insured shares in all federally insured credit unions.

The NOL is the NCUA Board's target equity level for the NCUSIF. Pursuant to the FCU Act, the NCUA Board sets the NOL between 1.20% and 1.50%. The NOL set by the Board for 2025 was 1.33%. The NCUSIF equity ratio was 1.30% as of December 31, 2025. The NCUSIF available assets ratio was 1.27% as of December 31, 2025. The NCUSIF equity ratio and available assets ratio are both based on total insured shares of \$1.9 trillion as of December 31, 2025.

The NCUA Board may declare a distribution when the year-end equity ratio exceeds the NOL and the available assets ratio exceeds 1.00% at year-end. The NCUA Board did not declare or pay a distribution to insured credit unions in 2025.

Insurance Related Activities

The NCUA identifies credit unions at risk of failure through the supervisory and examination process. Estimated losses are based on economic trends and each credit union's financial condition and operations. The NCUA also evaluates overall credit union trends and monitors potential system-wide risk factors, such as increasing levels of consumer debt, bankruptcies, and delinquencies.

There were 6 credit union failures in 2025. The cost of these failures, or the estimated cost of resolution at the time of liquidation in 2025 was \$24.0 million.

The NCUA's supervisory actions may result in the conservatorship of federally insured credit unions. As of December 31, 2025, there was one credit union operating under the NCUA's conservatorship. Estimated losses related to conserved credit unions are determined as part of the fund's reserve methodology and are contained within the Insurance and Guarantee Program Liabilities on the Balance Sheet.

The credit union industry remained stable during 2025. The aggregate net worth was 11.31% at December 31, 2025. Assets in CAMELS 3, 4 and 5 rated credit was \$184.1 billion at the end of 2025.

² The CAMELS system, which applies a rating to the credit union ranging from "1" (strongest) to "5" (weakest), is based upon an evaluation of six critical elements of a credit union's operations: Capital Adequacy, Asset Quality, Management, Earnings, Liquidity Risk, and Sensitivity to Market Risk (CAMELS). The NCUA employs the CAMELS rating system as a tool to measure risk and allocate resources for supervisory purposes.

III. Financial Statement Analysis

The NCUSIF ended 2025 with \$24.1 billion in Total Assets and \$23.9 billion in Net Position, with \$23.9 billion in Investments, Net. Net Cost of Operations was \$256.1 million, with \$252.5 million in Operating Expenses and \$4.9 million in Provision for Insurance Losses. The Summarized Financial Information for 2025 is presented in the table below.

Summarized Financial Information	
(Dollars in thousands)	2025
Net Position	
Assets:	
Fund Balance with Treasury	28,437
Investments, Net – U.S. Treasury Securities	23,859,918
Accrued Interest Receivable - Investments	116,221
Receivables from Asset Management Estates (AMEs), Net	88,056
Other	13,129
Total Assets	\$24,105,761
Total Liabilities	\$241,770
Net Position (Assets minus Liabilities)	\$23,863,991
Net Cost	
Gross Costs:	
Operating Expenses	252,513
Provision for Insurance Losses	4,888
Total Gross Costs	\$257,401
Exchange Revenue	\$1,302
Total Net Cost of Operations	\$256,099
Cumulative Results of Operations	
Beginning Balance	\$4,492,048
Non-Exchange Revenue:	
Interest Revenue - Investments	632,097
Net Unrealized Gain - Investments	667,638
Total Non-Exchange Revenue	\$1,299,735
Net Cost of Operations	\$256,099
Cumulative Results of Operations	\$5,535,684
Contributed Capital	\$18,328,307
Net Position	\$23,863,991

Fiduciary Activity Highlights

In accordance with the Federal Accounting Standards Advisory Board's Statement of Federal Financial Accounting Standards (SFFAS) No. 31, *Accounting for Fiduciary Activities*, the financial results of the NPCU AMEs and Corporate AMEs are not presented in the results of the NCUSIF as described in the preceding Summarized Financial Information table, but are presented as fiduciary activities of the NCUSIF and included in the notes to the NCUSIF financial statements.

Limitations of the Financial Statements

The principal financial statements are prepared to report the financial position, financial condition, and results of operations, pursuant to the requirements of 31 U.S.C. § 3515(b). The statements are prepared from records of federal entities in accordance with federal generally accepted accounting principles and the formats prescribed by the Office of Management and Budget. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

Liquidity Risk and Capital Resources

For liquidity, the NCUSIF maintains cash in its Fund Balance with Treasury (FBWT) account as well as investments in U.S. Treasury securities. Investments in U.S. Treasury securities include overnight securities as held-to-maturity investments, which are available to meet urgent liquidity needs of the NCUSIF. The 2025 Fund Balance with Treasury and Investments are presented in the table below.

2025 Fund Balance with Treasury and Investments	
	December 31, 2025
Fund Balance with Treasury	\$ 28.4 million
U.S. Treasury Securities	
Held to Maturity (Overnights)	4,494.0 million
Available-for-Sale	19,365.9 million

The NCUSIF has multiple funding sources which include:

- capitalization deposits contributed by insured credit unions, as provided by the *Federal Credit Union Act*, Public Law 73-467, as amended (FCU Act);
- cumulative results of operations retained by the NCUSIF;
- premium assessments on insured credit unions, as necessary;
- borrowings from the U.S. Treasury; and
- borrowings from the Central Liquidity Facility (CLF).

The NCUSIF is a revolving fund in the U.S. Treasury and has access to sufficient funds to meet its obligations, including its Insurance and Guarantee Program Liabilities.

IV. Systems, Controls, and Legal Compliance

The NCUSIF was created by Title II of the FCU Act, 12 U.S.C. §1781 *et seq.*, as amended. In January 2011, the *National Credit Union Authority Clarification Act*, Public Law 111-382, amended the definitions of "equity ratio" and "net worth" in the FCU Act. The NCUA, including the NCUSIF, is exempt from requirements under the Federal Credit Reform Act of 1990 (2 U.S.C. § 661 *et seq.*).

Internal controls should be designed to provide reasonable assurance regarding prevention or prompt detection of unauthorized acquisition, use, or disposition of assets. The *Federal Managers' Financial Integrity Act*, Public Law 97-255 (FMFIA), requires agencies to establish management controls over their programs and financial systems. Accordingly, NCUA management is responsible for establishing and maintaining effective internal controls and financial management systems that meet the objectives of FMFIA, which include safeguarding assets and compliance with applicable laws and regulations. NCUA management monitors and assesses its relevant internal controls and reports on its assessment. This allows NCUA management to provide reasonable assurance that internal controls are operating effectively. The NCUA is in compliance with FMFIA as well as all applicable laws such as the *Prompt Payment Act*, Public Law 97-177, and the *Debt Collection Improvement Act*, Public Law 104-134.

The *Payment Integrity Information Act of 2019*, Public Law 116-117, requires federal agencies to review all programs and activities they administer to identify those that may be susceptible to significant improper payments. We have determined that the NCUSIF's programs are not susceptible to a high risk of significant improper payments.

As required by the *Federal Information Security Management Act*, Public Law 107-347, as amended (FISMA), the NCUA develops, documents, and implements an agency-wide program to provide information privacy and security (management, operational, and technical security controls) for the information and information systems that support the operations of the agency, including those provided or managed by another agency, contractor, or other source.



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Acting Inspector General, National Credit Union Administration and
The National Credit Union Administration Board:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Credit Union Share Insurance Fund (NCUSIF), which comprise the balance sheet as of December 31, 2025 and the related statements of net cost, changes in net position, and budgetary resources for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the National Credit Union Share Insurance Fund as of December 31, 2025, and its net cost, changes in net position, and budgetary resources for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the NCUSIF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NCUSIF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the NCUSIF's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Overview be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended December 31, 2025, we considered the NCUSIF's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NCUSIF's internal control. Accordingly, we do not express an opinion on the effectiveness of the NCUSIF's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the NCUSIF's financial statements as of and for the year ended December 31, 2025, are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No.24-02.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the NCUSIF's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the NCUSIF's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC
February 13, 2026

NATIONAL CREDIT UNION SHARE INSURANCE FUND**BALANCE SHEET**

As of December 31, 2025

(Dollars in thousands)

	<u>2025</u>
ASSETS	
INTRAGOVERNMENTAL ASSETS	
Fund Balance with Treasury (Note 2)	\$ 28,437
Investments, Net - U.S. Treasury Securities (Note 3)	23,859,918
Accrued Interest Receivable - Investments (Note 3)	116,221
Advances and Prepayments (Note 6)	12,255
Total Intragovernmental Assets	<u>24,016,831</u>
WITH THE PUBLIC ASSETS	
Advances and Prepayments	874
Receivables from Asset Management Estates (AMEs), Net (Note 4)	88,056
Total with the Public Assets	<u>88,930</u>
TOTAL ASSETS	<u>\$ 24,105,761</u>
LIABILITIES	
INTRAGOVERNMENTAL LIABILITIES	
Accounts Payable - Due to the NCUA Operating Fund (Note 6)	\$ 4,781
Total Intragovernmental Liabilities	<u>4,781</u>
WITH THE PUBLIC LIABILITIES	
Accounts Payable	1,170
Insurance and Guarantee Program Liabilities (Note 5)	234,026
Other Liabilities	1,793
Total with the Public Liabilities	<u>236,989</u>
TOTAL LIABILITIES	<u>241,770</u>
Commitments and Contingencies (Note 5)	
NET POSITION	
Cumulative Results of Operations	5,535,684
Contributed Capital (Note 9)	18,328,307
Total Net Position	<u>23,863,991</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 24,105,761</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL CREDIT UNION SHARE INSURANCE FUND**STATEMENT OF NET COST**

For the Year Ended December 31, 2025

(Dollars in thousands)

	<u>2025</u>
GROSS COST	
Operating Expenses	\$ 252,513
Provision for Insurance Losses	
Reserve Expense (Reduction) (Note 5)	25,006
AME Receivable Bad Debt Expense (Reduction) (Note 4)	<u>(20,118)</u>
Total Provision for Insurance Losses	4,888
Total Gross Cost	<u>257,401</u>
 LESS EXCHANGE REVENUE	
Other Revenue	<u>(1,302)</u>
Total Exchange Revenue	<u>(1,302)</u>
 TOTAL NET COST OF OPERATIONS	 <u><u>\$ 256,099</u></u>

The accompanying notes are an integral part of these financial statements.

NATIONAL CREDIT UNION SHARE INSURANCE FUND**STATEMENT OF CHANGES IN NET POSITION**

For the Year Ended December 31, 2025

(Dollars in thousands)

	<u>2025</u>
CUMULATIVE RESULTS OF OPERATIONS	
Beginning Balance	\$ 4,492,048
Non-Exchange Revenue	
Interest Revenue - Investments	632,097
Net Unrealized Gain - Investments (Note 3)	667,638
Net Cost of Operations	<u>(256,099)</u>
Net Change in Cumulative Results of Operations	<u>1,043,636</u>
TOTAL CUMULATIVE RESULTS OF OPERATIONS	<u>5,535,684</u>
 CONTRIBUTED CAPITAL (Note 9)	
Beginning Balance	17,605,018
Change in Contributed Capital	<u>723,289</u>
CONTRIBUTED CAPITAL	<u>18,328,307</u>
 NET POSITION	 <u><u>\$ 23,863,991</u></u>

The accompanying notes are an integral part of these financial statements.

NATIONAL CREDIT UNION SHARE INSURANCE FUND**STATEMENT OF BUDGETARY RESOURCES**

For the Year Ended December 31, 2025

(Dollars in thousands)

	<u>2025</u>
Unobligated balance from prior year budget authority, net (mandatory)	\$ 22,724,690
Spending authority from offsetting collections (mandatory)	<u>1,578,141</u>
TOTAL BUDGETARY RESOURCES (Notes 7 and 8)	<u>\$ 24,302,831</u>
New obligations and upward adjustments (total)	\$ 531,605
Unobligated balance, end of year:	
Exempt from apportionment	<u>23,771,226</u>
Unobligated balance, end of year (total)	<u>23,771,226</u>
TOTAL BUDGETARY RESOURCES	<u>\$ 24,302,831</u>
Outlays, net (total) (mandatory) (Note 11)	\$ (1,020,719)
AGENCY OUTLAYS, NET (MANDATORY)	<u>\$ (1,020,719)</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL CREDIT UNION SHARE INSURANCE FUND**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended December 31, 2025

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Reporting Entity**

The National Credit Union Share Insurance Fund (NCUSIF) was created by Title II of the *Federal Credit Union Act*, Public Law 73-467, as amended (FCU Act), 12 U.S.C. § 1781 *et seq.* The NCUSIF was established as a revolving fund in the Treasury of the United States (U.S. Treasury), under management of the National Credit Union Administration (NCUA) Board (NCUA Board) for the purpose of insuring member share deposits in all Federal Credit Unions (FCUs) and in federally insured state-chartered credit unions.

The NCUA exercises direct supervisory authority over FCUs and coordinates supervisory involvement with the state chartering authorities for state-chartered credit unions insured by the NCUSIF. Federally insured (insured) credit unions are required to report certain financial and statistical information to the NCUA on a quarterly basis and are subject to periodic examination by the NCUA. Information derived through the supervision and examination process provides the NCUA with the ability to identify insured credit unions experiencing financial difficulties that may require assistance from the NCUSIF.

Assistance from the NCUSIF, pursuant to the FCU Act, may be in the form of a waiver of statutory reserve requirements, liquidity assistance in the form of a guaranteed line of credit, cash assistance in the form of a subordinated note, or other such form. In some cases, a merger partner for the credit union may be sought. Mergers between financially troubled credit unions and stronger credit unions may also require NCUSIF assistance. Merger assistance may be in the form of cash assistance, purchase of certain assets by the NCUSIF, and/or guarantees of the values of certain assets (e.g., primarily loans). When a credit union is no longer able to continue operating and the merger and assistance alternatives are not practical, the NCUSIF or the appropriate state supervisory authority may liquidate the credit union. In the event of a credit union liquidation, the NCUSIF pays members' shares up to the maximum insured amount and monetizes the credit union's assets.

Fiduciary Responsibilities

The NCUA's Asset Management and Assistance Center (AMAC) conducts liquidations and performs management and recovery of assets for failed credit unions. Assets and liabilities of liquidated credit unions reside in Asset Management Estates (AMEs). AMEs include assets and liabilities from failed natural person credit unions (NPCU AMEs) and corporate credit union (CCU) AMEs (Corporate AMEs).

On September 24, 2010, the NCUA Board announced the Corporate System Resolution Program (CSRP). The CSRP was a multi-stage plan for stabilizing the corporate credit union system, providing short-term and long-term funding to resolve a portfolio of residential mortgage-backed securities, commercial mortgage-backed securities, other asset-backed securities and corporate bonds (collectively referred to as the Legacy Assets) held by the failed CCUs, and establishing a new regulatory framework for CCUs.

Fiduciary activities are the collection or receipt, management, protection, accounting, investment, and disposition of cash and other assets held by an AME, in which non-federal individuals or entities have an ownership interest. Fiduciary assets are not assets of the federal government. Fiduciary activities are not recognized on the basic financial statements, but are reported on schedules in the notes to the financial statements in accordance with Statement of Federal Financial Accounting Standards (SFFAS) No. 31, *Accounting for Fiduciary Activities*. The NCUA Board, as liquidating agent of the AMEs, disburses obligations owed by and collects money due to the liquidating credit unions through AMAC. The assets reported on the NCUSIF Balance Sheet are non-fiduciary.

Fiduciary assets are recorded at values that are estimated to be recovered based on market information and external valuations, such as appraisals, as well as internal and external models incorporating the NCUA's current assumptions regarding numerous factors, including prepayments, defaults, loss severity and discount rates. Legacy Assets may benefit from litigation and other efforts by various trustees, insurers, investors, and investor consortiums, including the NCUA Board as liquidating agent, to recover losses that the Legacy Assets have suffered. Any benefits from these recovery efforts will be recognized by an AME when receipt is certain. Fiduciary liabilities related to borrowings and claims are recorded at their contractual or settlement amounts as agreed by the liquidating agents and the creditors. Contingent liabilities related to legal actions are recorded if probable and measurable. Accrued liquidation costs reflect the NCUA's estimates and assumptions regarding the timing and associated costs to dispose of the AME assets.

Unless expressly guaranteed by the NCUA and backed by the full faith and credit of the United States, the AMEs' unsecured creditors, including the NCUSIF, could only expect to be paid if recoveries from the assets of the AMEs are sufficient to be distributed to the unsecured creditors in order of priority as set forth in 12 CFR §709.5(b).

Sources of Funding

Deposits insured by the NCUSIF are backed by the full faith and credit of the United States. The NCUSIF has multiple sources of funding. Each insured credit union is required to deposit and maintain 1.00% of its insured shares in the NCUSIF. The NCUA Board may also assess premiums to all insured credit unions, as provided by the FCU Act.

In addition, the NCUSIF may receive investment interest income, and recoveries from the AMEs including proceeds recovered from legal claims and asset sales. The NCUSIF also has authority to borrow from the U.S. Treasury and the ability to borrow from the NCUA's Central Liquidity Facility (CLF).

Accounting Principles

The NCUSIF's financial statements have been prepared from its accounting records in accordance with standards promulgated by the Federal Accounting Standards Advisory Board (FASAB). FASAB is designated by the American Institute of Certified Public Accountants as the source of generally accepted accounting principles (GAAP) for federal reporting entities. The format of the financial statements and footnotes is in accordance with the form and content guidance provided in Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, revised July 14, 2025.

Consistent with SFFAS No. 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*, the NCUA considers and where appropriate, applies Financial Accounting Standards Board (FASB) guidance for those instances where no applicable FASAB guidance is available. Any such significant instances are identified herein.

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

Transactions are recorded on both an accrual accounting basis and a budgetary accounting basis. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred. Federal budgetary accounting recognizes the obligation of appropriations, borrowing authorities, and other fund resources upon the establishment of a properly documented legal liability, which may be different from the recording of an accrual-based transaction. The recognition of budgetary accounting transactions is essential for compliance with legal controls over the use of federal funds and compliance with budgetary laws.

Budgetary and financial accounting information are complementary, but the types of information and the timing of their recognition are different. Information is needed about the differences between accrual and budgetary accounting, which is accomplished in part by presenting a Reconciliation of Net Cost of Operations to Net Outlays in Note 11. In accordance with SFFAS No. 53, *Budget and Accrual Reconciliation*, the Reconciliation of Net Cost of Operations to Net Outlays helps explain and clarify how accrual basis of accounting Net Cost of Operations (cash and non-cash transactions) relates to budgetary basis of accounting Net Outlays (cash transactions) and the reconciling items between the two.

The NCUA, including the NCUSIF, is exempt from requirements under the *Federal Credit Reform Act of 1990* (2 U.S.C. § 661 et seq.).

Use of Estimates

The preparation of financial statements in conformity with GAAP for the federal government requires management to make estimates and assumptions that affect the following:

- reported amounts of assets and liabilities;
- disclosure of contingent assets and liabilities at the date of the financial statements; and
- the amounts of revenues and expenses reported during that period.

Significant items subject to those estimates and assumptions include: (i) allowance amounts for losses on the receivables from AMEs for claims paid on their behalf; (ii) reserves for probable losses and contingencies related to Insurance and Guarantee Program Liabilities; (iii) the amount and timing of recoveries, if any, related to any claims paid and the settlement of guarantee liabilities; (iv) allowance amounts established for loan losses related to cash assistance provided to insured credit unions; and (v) determination of the accounts payable accrual.

Fund Balance with Treasury

Fund Balance with Treasury (FBWT) is the aggregate amount of funds in accounts held by the U.S. Treasury from which the NCUSIF is authorized to make expenditures and pay liabilities. The entire FBWT is a revolving fund type.

Investments, Net

The FCU Act, Section 203(c), 12 U.S.C. § 1783(c), as amended, provides guidance regarding U.S. Treasury security investments. The NCUSIF maintains an investment portfolio comprised of both market-based (available-for-sale) U.S. Treasury securities of varying maturities and non-marketable (held-to-maturity) U.S. Treasury daily overnight securities. All marketable securities are carried as available-for-sale (AFS) in accordance with FASB Accounting Standards Codification (ASC) 320, *Investments – Debt and Equity Securities*. All non-marketable U.S. Treasury overnight securities are purchased and reported at par value, which are classified as held-to-maturity. All of the NCUA's U.S. Treasury securities held by the NCUSIF are issued by the U.S. Government. These securities are generally not expected to have an allowance for credit losses as there is a zero-loss expectation because they are explicitly guaranteed by the U.S. Government, are highly rated by major rating agencies, and have a long history of no credit losses.

Interest earned and unrealized holding gains and losses on U.S. Treasury securities are excluded from net costs and reported as components of non-exchange revenue. Realized gains and losses from the sale of AFS securities are determined on a specific identification basis.

For AFS debt securities in an unrealized loss position, the NCUA first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For AFS debt securities that do not meet the aforementioned criteria, the NCUA evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized costs basis.

Changes in the allowance for credit losses are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance when management believes the uncollectability of an AFS security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

Accrued interest receivable on AFS debt securities totaled \$116.2 million as of December 31, 2025 and is excluded from the estimate of credit losses.

Premiums and discounts are amortized over the life of the related AFS security as an adjustment to yield using the effective interest method.

Accrued Interest Receivable

The NCUSIF recognizes accrued interest receivable for amounts of interest contractually earned but not yet received.

Accounts Receivable

Accounts receivable represents the NCUSIF's claims for payment from other entities. Gross receivables are reduced to net realizable value by an allowance for doubtful accounts as further discussed below. Accounts receivable with the public represent accounts receivable between the NCUSIF and non-federal entities and are categorized as follows:

Capitalization Deposits from Insured Credit Unions

Each insured credit union pays to and maintains with the NCUSIF a capitalization deposit amount equal to 1.00% of its insured shares. Receivables and associated non-exchange revenue are recognized upon invoicing.

Premium Assessments from Insured Credit Unions

The NCUA Board has the statutory authority under Section 202 of the FCU Act to assess a premium charge to insured credit unions. The NCUA Board may assess each insured credit union a premium charge in an amount stated as a percentage of insured shares only if the equity ratio is less than 1.30% and the premium charge does not exceed the amount necessary to restore the equity ratio to 1.30%. When the NCUA Board projects that the equity ratio will, within six months, fall below 1.20%, the NCUA Board must establish and implement a restoration plan within 90 days, which meets the statutory requirements and any further conditions that the NCUA Board determines appropriate. In order to meet statutory requirements, the plan must provide that the equity ratio will meet or exceed the minimum amount specified of 1.20% before the end of the eight-year period beginning upon the implementation of the plan (or such longer period as the NCUA Board may determine to be necessary due to extraordinary circumstances).

The NCUA Board did not assess premiums for 2025.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is the NCUA's best estimate of the amount of losses in an existing NCUSIF receivable. Based on an assessment of collectability, the NCUSIF calculates an allowance on an individual account basis for accounts receivable. A permanent reduction of an account may occur if it is probable that the NCUSIF will not collect all amounts contractually due.

Property, Plant and Equipment, Net

Property, Plant and Equipment, Net consists of internal-use software and is recognized and measured in accordance with SFFAS No. 6, *Accounting for Property, Plant, and Equipment*. Costs incurred for internal use software during the software development phase are capitalized in accordance with SFFAS No. 10, *Accounting for Internal Use Software*.

Property, plant and equipment is subject to depreciation and carried at net cost once placed into service. Depreciation and amortization are computed by the straight-line method over the estimated useful lives of equipment and software. Internal use software has a useful life of three years per the NCUA capitalization policy.

Property, Plant, and Equipment, Net consists of fully depreciated internal-use software with a cost of \$2.0 million as of December 31, 2025.

Receivables from Asset Management Estates, Net

The NCUA records a receivable from AMEs when claims are paid by the NCUSIF in order to satisfy obligations to insured shareholders and other guaranteed parties, as well as to pay administrative expenses on behalf of AMEs. Assets held by the AMEs are the main source of repayment of the NCUSIF's receivables from the AMEs. As the assets are monetized, recoveries from the assets are paid to the NCUSIF to reduce the receivable from AMEs.

The gross AME receivable is reduced by an allowance for loss. This allowance represents the difference between the funds disbursed and obligations incurred and the expected repayment, when recognized, from the AMEs pursuant to the liquidation payment priorities set forth in 12 C.F.R. §709.5(b). The NCUA records the allowance amount for loss on receivables from AMEs based on expected asset recovery rates. The asset recovery rates are based on several sources including:

- actual or pending AME asset disposition data;
- asset valuation data based upon the performance, quality, and type of the assets in the portfolio;
- estimated liquidation costs based on information from similar recently failed credit unions; and
- estimated AME specific administrative expenses based upon complexity and expected duration of the AME.

Insurance and Guarantee Program Liabilities

NCUA's activities related to insured credit unions are considered by SFFAS No. 51, *Insurance Programs*, as an exchange transaction insurance program, and NCUSIF discloses and reports the insurance program accordingly. Pursuant to SFFAS No. 51, the NCUA is required to recognize revenue on insurance premiums as earned. The NCUA must also recognize, measure and record liabilities for unearned premiums, unpaid insurance claims and losses on remaining coverage as applicable. In addition, the NCUA must disclose information about the purpose, full costs (to include premium collections and borrowing authority), investing activities and arrangement duration of insurance programs as well as premium pricing policies, the nature and magnitude of estimates, the total amount of insurance coverage provided through the end of the reporting period and any events that could have a material effect on the recorded liability. Information concerning the NCUSIF's premium pricing policies and premium collections can be found under the Accounts Receivable header herein. The NCUSIF's investment securities primarily consist of market-based U.S. Treasury securities of varying maturities (debt securities) and its investing activities are described in Notes 2 and 3. The nature and terms of the NCUSIF's borrowing authority is addressed in Note 7. The total amount of insurance coverage provided through the end of the reporting period as well as the remaining information required to be disclosed, is discussed in Note 5.

Consistent with the presentation in prior reporting periods, SFFAS No. 51 also requires a roll-forward of the Insurance and Guarantee Program Liabilities balance from the prior year to the current period. The NCUA has adopted the revised titles for each component of the roll-forward as applicable, except for the term “Claim expenses”, which will remain “Reserve expense”. Though the titles represent the exact same activity, the NCUA has elected to retain the prior presentation of “Reserve expense” in an effort to: 1) maintain clarity for the users of the financial statements; and 2) ensure comparability between the Statement of Net Cost and Note 5.

The NCUSIF records a liability for probable losses relating to insured credit unions. The year-end liability for insurance losses is comprised of general and specific reserves. The general reserve is derived using an internal econometric model that applies estimated probability of failure and loss rates while the specific reserve is based on analyses performed on credit unions where failure is probable and additional information is available to make a reasonable estimate of losses.

Other Liabilities

Other Liabilities includes payroll and other accrued liabilities.

Net Position and Contributed Capital

The *Credit Union Membership Access Act of 1998*, Public Law 105–219 (CUMAA), mandates that the amount of each insured credit union’s deposit is adjusted as follows, in accordance with procedures determined by the NCUA Board, to reflect changes in the credit union’s insured shares: (i) annually, in the case of an insured credit union with total assets of less than \$50.0 million; and (ii) semi-annually, in the case of an insured credit union with total assets of \$50.0 million or more. The annual and semi-annual adjustments are based on insured member share deposits outstanding as of December 31 of the preceding year and June 30 of the current year, respectively. The 1.00% contribution is returned to the insured credit union in the event that its insurance coverage is terminated, or is obtained from another source, or the operations of the NCUSIF are transferred from the NCUA Board. The NCUSIF reports the capitalization deposits from insured credit unions as contributed capital. This amount is reported on the NCUSIF’s Balance Sheet and Statement of Changes in Net Position.

The CUMAA mandates that distributions to insured credit unions be determined from specific ratios, which are based in part upon year-end data. Distributions associated with insured shares at year-end are declared and paid in the subsequent year. The NCUSIF equity ratio is calculated as the ratio of contributed capital plus cumulative results of operations, excluding net cumulative unrealized gains and losses on investments, to the aggregate amount of the insured shares in all insured credit unions.

Revenue Recognition

Exchange Revenue

Exchange revenues arise and are recognized when a federal government entity provides goods and services to the public or to another federal government entity for a price. Exchange revenue, which primarily consists of premium assessments is used to recover the losses of the credit union system.

Premium Assessments from Insured Credit Unions

The NCUA Board may assess each insured credit union a premium charge for insurance in an amount stated as a percentage of insured shares.

Non-Exchange Revenue

Non-exchange revenues are inflows of resources that the federal government demands or receives by donation. Such revenues are recognized when a specifically identifiable, legally enforceable claim to resources arises, to the extent that collection is probable and the amount is reasonably estimable. The NCUSIF recognizes non-exchange revenue as described below.

Each insured credit union pays to and maintains with the NCUSIF a capitalization deposit amount equal to 1.00% of its insured shares. This amount is recognized as non-exchange revenue when invoiced. In accordance with SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, the NCUSIF recognizes interest revenue on investments in U.S. Treasury securities as non-exchange revenue because the main source of funds for investments comes from capital deposits. The related unrealized holding gains and losses on investments in U.S. Treasury securities are excluded from net costs and reported as a component of non-exchange revenue in the Statement of Changes in Net Position.

Tax-Exempt Status

The NCUA, as a government entity, is not subject to federal, state, or local income taxes.

Disclosure Entities

SFFAS No. 47, *Reporting Entity*, requires that the financial statements reflect the balances and activities of the fund and any other reporting entities under NCUSIF control. Entities that are owned and/or controlled by the NCUA as a result of a regulatory action are generally classified as disclosure entities if the relationship with such entities is not expected to be permanent. Pursuant to SFFAS No. 47, the NCUA identifies receiverships and conservatorships as disclosure entities.

Receiverships

An AME is a receivership-type entity that is established to oversee assets and other property acquired from a failed credit union. AMAC conducts liquidations and oversees the management and recovery of assets for failed credit unions. The NCUA has two types of AMEs: 1) NPCUs from the resolution of failed natural-person credit unions, and 2) Corporate AMEs from the resolution of failed corporate credit unions. These activities are considered fiduciary activities in accordance with SFFAS No. 31 and are disclosed under Note 10.

Conservatorships

The NCUA may place a credit union into conservatorship in order to resolve operational problems that could affect that credit union's safety and soundness. Conservatorship means the NCUA has taken control of the credit union. During a conservatorship, the credit union remains open, members may transact business, and accounts remain insured by the NCUSIF. For federally chartered credit unions, the NCUA takes this action on its own; in the case of a state-chartered credit union, the state supervisory authority initiates the conservatorship and, in many cases, appoints the NCUA as agent for the conservator. Conservatorships can have three outcomes: 1) the credit union can resolve its operational problems and be returned to member ownership; 2) the credit union can merge with another credit union; or 3) the NCUA can liquidate the credit union. As of December 31, 2025, there was one credit union operating under NCUA's conservatorship.

2. FUND BALANCE WITH TREASURY

FBWT balances and status at December 31, 2025 consisted of the following (in thousands):

	2025
Status of Fund Balance with Treasury:	
Unobligated Balance	\$ 23,771,226
Obligated Balance Not Yet Disbursed	54,169
Non-Budgetary Investment Accounts	(23,680,737)
Non-Budgetary FBWT Accounts	(116,221)
Total Fund Balance with Treasury	<u>\$ 28,437</u>

As a revolving fund, the FBWT account is used for continuing business-like activities. The NCUSIF collects capitalization deposits, AME recoveries, and premiums, which may be invested in U.S. Treasury securities. The proceeds are primarily held to cover insurance losses and guarantee payments, and are also used for merger assistance, liquidations, and other administrative expenses. The FBWT account contains monies available for future obligations as well as monies obligated for current activities. Non-Budgetary Investment Accounts, which consist of U.S. Treasury investments, reduce the status of fund balance. Non-Budgetary FBWT Accounts may consist of budgetary receivables, borrowing authority, and non-expenditure transfers. Funds not needed for immediate liquidity are invested in overnight U.S. Treasury securities. Should the overnight account exceed NCUSIF policy limits, the NCUSIF will invest the additional funds in market-based U.S. Treasury securities according to the Fund's investment policy guidelines.

As of December 31, 2025, there were no unreconciled differences between U.S. Treasury records and balances reported on the NCUSIF's general ledger.

3. INVESTMENTS

The NCUSIF maintains an investment portfolio comprised of both market-based (available-for-sale) U.S. Treasury securities of varying maturities and non-marketable (held-to-maturity) U.S. Treasury daily overnight securities. Premiums or discounts on available-for-sale securities are amortized using the effective interest method.

As of December 31, 2025, the carrying amount, gross unrealized holding gains/losses, and fair value of U.S. Treasury securities were as follows (in thousands):

	Cost	Amortized (Premium) Discount	Interest Receivable	Investments, Net (Par)	Net Unrealized Gain/(Loss)	Carrying/Fair Value
As of December 31, 2025:						
U.S. Treasury Securities						
Available-for-Sale	\$ 19,921,308	\$ (275,974)	\$ 116,221	\$ 20,250,281	\$ (279,419)	\$ 19,365,915
Held to Maturity	4,494,003	-	-	4,494,003	-	4,494,003
Total	<u>\$ 24,415,311</u>	<u>\$ (275,974)</u>	<u>\$ 116,221</u>	<u>\$ 24,744,284</u>	<u>\$ (279,419)</u>	<u>\$ 23,859,918</u>

Maturities of U.S. Treasury securities as of December 31, 2025 were as follows (in thousands):

	2025 Fair Value
Held to Maturity (Overnights)	\$ 4,494,003
Available-for-Sale:	
Due in one year or less	2,774,445
Due after one year through five years	9,646,313
Due after five years through ten years	6,945,157
Total	<u>\$ 23,859,918</u>

For the year ended December 31, 2025, there were no realized gains or losses from sales of U.S. Treasury securities.

The following table includes gross unrealized losses on investment securities, in addition to the fair values of those securities, aggregated by investment classification and length of time the investments have been in a loss position, at December 31, 2025 (in thousands):

	Losses Less than 12 months		Losses 12 months or more		Total	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
As of December 31, 2025:						
Available-for-Sale:						
U.S. Treasury Securities	<u>\$ (3,909)</u>	<u>\$ 2,299,953</u>	<u>\$ (396,149)</u>	<u>\$ 10,978,727</u>	<u>\$ (400,058)</u>	<u>\$ 13,278,680</u>

The unrealized losses on the NCUA's available-for-sale investments in U.S. Treasury securities were caused by interest rate increases. The contractual terms of those investments issued by the U.S. Treasury do not permit the issuer to settle the securities at a price less than the amortized cost bases of the

investments. The NCUA does not intend to sell the investments and it is not more likely than not that the NCUA will be required to sell the investments before recovery of their amortized cost bases.

4. RECEIVABLES FROM ASSET MANAGEMENT ESTATES (AMES), NET

AMES include assets and liabilities from failed NPCU AMEs and Corporate AMEs. The components of the Receivables from AMEs, Net as of December 31, 2025 were as follows (in thousands):

	2025		
	NPCU AMEs	Corporate AMES	Total
Gross Receivables from AMEs	\$ 1,124,480	\$ 2,383,308	\$ 3,507,788
Allowance for Loss, beginning balance	1,179,863	2,330,739	3,510,602
AME Receivable Bad Debt Expense (Reduction)	(4,030)	(16,088)	(20,118)
Increase / (Decrease) in Allowance	26,489	-	26,489
Write-off of Canceled Charters	(97,241)	-	(97,241)
Allowance for Loss, ending balance	1,105,081	2,314,651	3,419,732
Receivables from AMEs, Net	<u>\$ 19,399</u>	<u>\$ 68,657</u>	<u>\$ 88,056</u>

AME Receivable Bad Debt Expense (Reduction) for the NPCU AMEs represents the overall change in expected asset recovery rates and related repayments. The Increase/(Decrease) in Allowance primarily represents the net loss (gain) on payments made during liquidation. The amounts for Write-off of Canceled Charters total the final loss or recovery recognized upon closing AMEs.

AME Receivable Bad Debt Expense (Reduction) for the Corporate AMEs takes into account the NCUA's expected recovery value of the Corporate AMEs' assets, as further discussed in Note 10.

5. INSURANCE AND GUARANTEE PROGRAM LIABILITIES

Insured Credit Unions

The NCUSIF insures member deposits held in federal and federally insured state-chartered credit unions up to \$250,000 per account in the event of a credit union failure. As the regulator of credit unions, the NCUA evaluates overall economic trends and monitors potential system-wide risk factors, such as increasing levels of consumer debt, bankruptcies, and delinquencies. The NCUA also employs the CAMELS rating system as a tool to measure risk and allocate resources for supervisory purposes. The CAMELS system, which applies a rating to the credit union ranging from "1" (strongest) to "5" (weakest), is based upon an evaluation of six critical elements of a credit union's operations: Capital Adequacy, Asset Quality, Management, Earnings, Liquidity Risk, and Sensitivity to Market Risk (CAMELS). These criteria ensure that credit union examiners assess all significant financial, operational, and management factors when evaluating a credit union's performance and risk profile. The NCUA uses this information to identify insured credit unions experiencing financial difficulty and estimate future losses on both a general and specific basis. The NCUSIF records an insurance program liability – comprised of general and specific reserves – to cover losses resulting from insured credit union failures.

The general reserve is derived using an internal econometric model that applies estimated probability of failure and loss rates. The probability of failure is driven by CAMELS ratings and credit union level financial data; it also incorporates macroeconomic data such as the consumer price index and geographic housing prices. The loss rates take into account historical losses, CAMELS ratings, credit union level financial ratios and other economic measures. These variables are evaluated periodically to determine the reasonableness of the model output, which provides a range of forecasted losses between the 75 percent and 90 percent confidence level intervals.

Specific reserves are established for credit unions whose failure is probable and sufficient information is available to make a reasonable estimate of losses. The specific reserves are presented net of estimated recoveries from the disposition of assets held by failed credit unions.

The aggregate amount of reserves recognized for insured credit unions and AMEs was \$234.0 million as of December 31, 2025. The activity in the Insurance and Guarantee Program Liabilities from insured credit unions and AMEs was as follows (in thousands):

	2025
Beginning balance	\$ 236,985
Reserve expense (reduction)	25,006
Payments to settle claims	(53,387)
Recoveries and other adjustments	25,422
Ending balance	<u>\$ 234,026</u>

The Insurance and Guarantee Program Liabilities at December 31, 2025 were comprised of the following:

- Specific reserves were \$9.5 million.
- General reserves were \$224.5 million.

In exercising its supervisory function, the NCUSIF will occasionally extend guarantees of assets (primarily loans) to third-party purchasers or existing insured credit unions in order to facilitate mergers. The NCUSIF would be obligated upon borrower nonperformance. There were no guarantees outstanding during 2025 or as of December 31, 2025.

The NCUSIF may also grant a guaranteed line-of-credit to a third-party lender, such as a corporate credit union or bank, if an insured credit union had a current or immediate liquidity concern and the third-party lender refused to extend credit without a guarantee. The NCUSIF would be obligated if the insured credit union failed to perform. Total line-of-credit guarantees for credit unions as of December 31, 2025 were \$103.1 million. There were no borrowings by insured credit unions from the third-party lenders under line-of-credit guarantees as of December 31, 2025. As of December 31, 2025, the NCUSIF reserved \$1.8 million for guaranteed lines-of-credit.

On rare occasions, the NCUSIF may provide indemnifications as part of merger assistance or purchase and assumption agreements with acquiring credit unions. Such indemnifications make the NCUSIF contingently liable based on the outcome of any legal actions. There were no such indemnification contingencies as of December 31, 2025.

In addition to these recognized contingent liabilities, adverse performance in the financial services industry could result in additional losses to the NCUSIF. The ultimate losses for insured credit unions will largely depend upon future economic and market conditions and could differ significantly from these estimates.

6. TRANSACTIONS WITH THE NCUA OPERATING FUND

Certain administrative services are provided to the NCUSIF by the NCUA Operating Fund. The NCUSIF is charged by the NCUA Operating Fund for these services based upon an annual allocation factor derived from a study of actual usage. In 2025, the allocation to the NCUSIF was 61.7% of the NCUA Operating Fund's expenses. The cost of the services allocated to the NCUSIF, which totaled \$248.5 million for the year ended December 31, 2025, is reflected within the Operating Expenses line of the Statement of Net Cost. The following table provides a breakdown of the administrative services provided to the NCUSIF by the NCUA Operating Fund (in thousands):

Administrative Services Reimbursed to the NCUA Operating Fund	2025
Employee Salaries	\$ 126,832
Employee Benefits	59,775
Employee Travel	8,755
Rent, Communications, and Utilities	4,078
Contracted Services	42,080
Depreciation and Amortization	6,095
Administrative Costs	877
 Total Services Provided by the NCUA Operating Fund	 <u>\$ 248,492</u>

As of December 31, 2025, amounts due to the NCUA Operating Fund for allocated expenses were \$4.8 million.

As of December 31, 2025, advances and prepayments with the NCUA Operating Fund for overhead were \$12.3 million.

7. AVAILABLE BORROWING AUTHORITY, END OF PERIOD

The NCUSIF has \$6.0 billion in borrowing authority from the U.S. Treasury. Available borrowing authority, as of December 31, 2025 was \$6.0 billion.

Under the FCU Act, the NCUSIF also has the ability to borrow from the CLF. The NCUSIF is authorized to borrow from the CLF up to the amount of the CLF's unused borrowing authority, which was \$22.0 billion as of December 31, 2025.

As of December 31, 2025, the CLF had a note purchase agreement with the Federal Financing Bank (FFB) with a maximum principal of \$20.0 billion. Advances made under the current promissory note can be made no later than March 31, 2026. During 2025, the CLF did not borrow any funds from FFB.

The NCUSIF did not exercise its borrowing authority in 2025.

8. DISCLOSURES RELATED TO THE STATEMENT OF BUDGETARY RESOURCES

The Statement of Budgetary Resources discloses total budgetary resources available to the NCUSIF, and the status of resources as of December 31, 2025. Activity impacting budget totals of the overall federal government budget is recorded in the NCUSIF's Statement of Budgetary Resources budgetary accounts. As of December 31, 2025, the NCUSIF's resources in budgetary accounts were \$24.3 billion. All liabilities are covered by budgetary resources, excluding the Insurance and Guarantee Program Liabilities because they are contingent liabilities and do not require budgetary resources until the liabilities are no longer contingent. All obligations incurred by the NCUSIF are reimbursable. The NCUSIF is exempt from OMB apportionment control.

The NCUSIF had \$46.4 million in unpaid undelivered orders and \$13.1 million in paid undelivered orders as of December 31, 2025. The breakdown of unpaid and paid undelivered orders from federal and non-federal sources as of December 31, 2025 are as follows (in thousands):

Undelivered Orders	2025	
	Paid	Unpaid
Federal	\$ 12,255	\$ 45,671
Non-federal	874	754
Total Undelivered Orders	\$ 13,129	\$ 46,425

Budgetary resources listed on the NCUSIF's financial statements and the budgetary resources found in the budget of the federal government differ because the NCUSIF's annual financial statements are prepared as of December 31, on a calendar year, rather than as of September 30, the federal government's fiscal year end.

9. CONTRIBUTED CAPITAL

Contributed capital was \$18.3 billion as of December 31, 2025. Contributed capital owed to the NCUSIF from insured credit unions was \$0 as of December 31, 2025. Contributed capital refunds due to insured credit unions from the NCUSIF was \$0 as of December 31, 2025.

Pursuant to the FCU Act, the NOL set by the Board for 2025 was 1.33%. The NCUSIF equity ratio was 1.30% as of December 31, 2025. The NCUSIF available assets ratio was 1.27% as of December 31, 2025. The NCUSIF equity ratio and available assets ratio are both based on total insured shares of \$1.9 trillion as of December 31, 2025.

The NCUA Board did not assess premiums and the NCUSIF did not pay distributions to insured credit unions in 2025.

The NCUSIF available assets ratio, as defined by the FCU Act, is calculated as the ratio of (A) the amount determined by subtracting (i) direct liabilities of the NCUSIF and contingent liabilities, for which no provision for losses has been made, from (ii) the sum of cash and the market value of unencumbered investments authorized under Section 203(c) of the FCU Act, to (B) the aggregate amount of the insured shares in all insured credit unions.

10. FIDUCIARY ACTIVITIES

(a) Natural Person Credit Unions AMEs

The Schedule of Fiduciary Activity as of December 31, 2025 and 2024, is as follows (in thousands):

Schedule of Fiduciary Activity	2025	2024
Fiduciary Net Liabilities, beginning of year	\$ (1,190,207)	\$ (1,400,661)
Net Realized Losses upon Liquidation	(24,105)	-
Revenues		
Interest on Loans	838	276
Other Fiduciary Revenues	43	4
Expenses		
Professional & Outside Services Expenses	(1,482)	(1,237)
Compensation and Benefits	(485)	(479)
Other Expenses	(1,121)	(64)
Net Change in Recovery Value of Assets and Liabilities		
Net Gain on Loans	566	1,122
Other, Net Gain	7,106	1,143
(Increase) / Decrease in Fiduciary Net Liabilities	(18,640)	765
Write-off of Fiduciary Liabilities for Canceled Charters	97,241	209,689
Fiduciary Net Liabilities, end of year	\$ (1,111,606)	\$ (1,190,207)

Revenues consist of cash collected during the liquidation of assets held within the AME. Gains and losses include the revaluation of assets based upon expected asset recovery rates and the disposition of assets and adjustments to liabilities, which contribute to the change in fiduciary net assets/liabilities. The write-off of

fiduciary liabilities for canceled charters contributed to the decrease in Fiduciary Net Liabilities in 2025 and 2024.

The Schedule of Fiduciary Net Liabilities as of December 31, 2025 and 2024, is as follows (in thousands):

Schedule of Fiduciary Net Liabilities	2025	2024
Fiduciary Assets		
Net Loans	\$ 25,961	\$ 370
Other Fiduciary Assets	3,936	390
Total Fiduciary Assets	29,897	760
Fiduciary Liabilities		
Insured Shares	3,431	695
Accrued Liquidation Expenses	7,540	6,731
Unsecured Claims	1,213	2,326
Uninsured Shares	4,839	1,169
Due to the NCUSIF (Note 4)	1,124,480	1,180,046
Total Fiduciary Liabilities	1,141,503	1,190,967
Total Fiduciary Net Liabilities	\$ (1,111,606)	\$ (1,190,207)

Net Loans also includes amounts related to criminal restitution owed to the U.S. Government. As of December 31, 2025 and 2024, gross receivables related to criminal restitution orders were \$167.2 million and \$204.8 million, of which we determined \$529.2 thousand and \$18.8 thousand were collectible, respectively.

(b) Corporate AMEs

The Schedule of Fiduciary Activity as of December 31, 2025 and 2024, is as follows (in thousands):

Schedule of Fiduciary Activity	AMEs	
	2025	2024
Fiduciary Net Liabilities, beginning of year	\$ (2,223,762)	\$ (2,250,725)
Revenues		
Income From Investment Securities	6,375	6,985
Settlements and Legal Claims	35,000	444
Other Fiduciary Revenues	2,267	2,442
Expenses		
Professional and Outside Service Expenses	(8,764)	(2,838)
Other Expenses	(576)	(514)
Net Change in Recovery Value of Assets and Liabilities	8,146	20,444
(Increase) / Decrease in Fiduciary Net Liabilities	42,448	26,963
Fiduciary Net Liabilities, end of year	\$ (2,181,314)	\$ (2,223,762)

The Schedule of Fiduciary Activity includes revenues earned on investments, including Legacy Assets and other investments, and expenses incurred in orderly liquidation of the AMEs.

For the year ended December 31, 2025, the Corporate AMEs' Fiduciary Net Liabilities decreased by \$42.4 million mainly due to settlements of legal claims. The decrease represents a gain to the AME claimants.

For the year ended December 31, 2024, the Corporate AMEs' Fiduciary Net Liabilities decreased by \$27.0 million mainly due to legacy asset valuation changes. The decrease represents a gain to the AME claimants.

The Schedule of Fiduciary Net Liabilities as of December 31, 2025 and 2024, is as follows (in thousands):

Schedule of Fiduciary Net Liabilities	AMEs	
	2025	2024
Fiduciary Assets		
Cash and Cash Equivalents	\$ 72,558	\$ 50,904
Legacy Assets	141,002	152,422
Total Fiduciary Assets	<u>213,560</u>	<u>203,326</u>
Fiduciary Liabilities		
Accrued Expenses and Payables	11,523	18,677
Unsecured Claims	43	43
Due to the NCUSIF (Note 4)	2,383,308	2,408,368
Total Fiduciary Liabilities	<u>2,394,874</u>	<u>2,427,088</u>
Total Fiduciary Net Liabilities	<u>\$ (2,181,314)</u>	<u>\$ (2,223,762)</u>

The Schedule of Fiduciary Net Liabilities reflects the expected recovery value of the Corporate AMEs' assets.

11. RECONCILIATION OF NET COST OF OPERATIONS TO NET OUTLAYS

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting. The Reconciliation of Net Cost of Operations to Net Outlays for 2025 is shown below (in thousands):

Reconciliation of Net Cost of Operations to Net Outlays	2025		
	Intra-governmental	With the public	Total
Net Cost of / (Income from) Operations	\$ 248,492	\$ 7,607	\$ 256,099
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Provision for Insurance Losses			
Reserve Expense (Reduction)	-	(25,006)	(25,006)
AME Receivable Bad Debt Expense (Reduction)	-	20,118	20,118
Increase / (decrease) in assets:			
Advances and Prepayments	(2,273)	(418)	(2,691)
(Increase) / decrease in liabilities:			
Accounts Payable	(2,641)	1,556	(1,085)
Other Liabilities	-	(1,508)	(1,508)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	(4,914)	(5,258)	(10,172)
Components of the Budgetary Outlays That Are Not Part of Net Operating Cost			
Change in Receivables from AMEs	-	16,615	16,615
Interest Revenue - Investments	(601,741)	-	(601,741)
Change in Contributed Capital	-	(723,289)	(723,289)
Other Adjustments that do not affect Net Cost of Operations	40,293	1,476	41,769
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	(561,448)	(705,198)	(1,266,646)
Net Outlays	\$ (317,870)	\$ (702,849)	\$ (1,020,719)

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 13, 2026, which is the date the financial statements were available to be issued. Management determined that there were no significant items to be disclosed as of December 31, 2025.

Financial Information

National Credit Union Administration Operating Fund

Financial Statements as of and for the Year Ended
December 31, 2025, and
Independent Auditors' Report



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Acting Inspector General, National Credit Union Administration and
the National Credit Union Administration Board:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the National Credit Union Administration Operating Fund (the Fund), which comprise the balance sheets as of December 31, 2025, and the related statements of revenues, expenses, and changes in fund balance, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the National Credit Union Administration Operating Fund as of December 31, 2025 and its revenues, expenses, and changes in fund balance and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are



considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended December 31, 2025, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements as of and for the year ended December 31, 2025, are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-02.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the NCUA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC
February 13, 2026

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

BALANCE SHEET

As of December 31, 2025

(Dollars in thousands)

	<u>2025</u>
ASSETS	
Cash and cash equivalents (Note 3)	\$ 126,336
Due from National Credit Union Share Insurance Fund (Note 7)	4,781
Other accounts receivable, Net	547
Prepaid expenses and other assets (Note 4)	5,751
Operating lease right-of-use assets	6,006
Fixed assets — Net of accumulated depreciation of \$50,483 as of December 31, 2025 (Note 5)	26,295
Intangible assets — Net of accumulated amortization of \$44,194 as of December 31, 2025 (Note 6)	15,729
TOTAL ASSETS	<u><u>\$ 185,445</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable and accrued other liabilities	\$ 19,002
Operating lease liabilities (Note 8)	6,373
Finance lease liabilities (Note 8)	79
Accrued wages and benefits	27,598
Accrued FECA and unemployment benefits	233
Accrued actuarial FECA benefits	3,382
Accrued annual leave	28,399
Accrued employee travel	128
TOTAL LIABILITIES	<u>85,194</u>
COMMITMENTS AND CONTINGENCIES (Notes 8, 11, and 12)	
FUND BALANCE	<u>100,251</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 185,445</u></u>

See accompanying notes to the financial statements.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE

For the Year Ended December 31, 2025

(Dollars in thousands)

	<u>2025</u>
REVENUES	
Operating fees	\$ 142,172
Interest	5,986
Other	<u>3,453</u>
Total Revenues	<u>151,611</u>
EXPENSES, NET (Notes 7 and 8)	
Employee wages and benefits	121,693
Travel	5,564
Rent, communications, and utilities	2,562
Contracted services	26,539
Depreciation and amortization	3,699
Administrative	<u>598</u>
Total Expenses, Net	<u>160,655</u>
EXCESS OF EXPENSES OVER REVENUES	(9,044)
FUND BALANCE—Beginning of year	<u>109,295</u>
FUND BALANCE—End of year	<u>\$ 100,251</u>

See accompanying notes to the financial statements.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025
(Dollars in thousands)

	<u>2025</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Excess of expenses over revenues	\$ (9,044)
Adjustments to reconcile excess of expenses over revenues to net cash provided by operating activities before allocation to the NCUSIF:	
Depreciation and amortization	9,794
Noncash operating lease expense	938
Gain on disposal of asset held for sale	(2,726)
(Increase) / decrease in assets:	
Due from National Credit Union Share Insurance Fund	(2,641)
Employee advances	10
Other accounts receivable, net	25
Prepaid expenses and other assets	924
(Decrease) / increase in liabilities:	
Accounts payable	(4,045)
Operating lease liabilities	(943)
Accrued wages and benefits	8,814
Accrued FECA and unemployment benefits	147
Accrued actuarial FECA benefits	138
Accrued annual leave	2,870
Accrued employee travel	(171)
Net Cash Provided by Operating Activities	<u>4,090</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of fixed and intangible assets	(1,811)
Purchases of assets held for sale	(285)
Proceeds from sale of assets held for sale	3,726
Net Cash Provided by Investing Activities	<u>1,630</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments under finance lease liabilities	(68)
Net Cash Used in Financing Activities	<u>(68)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,652
CASH AND CASH EQUIVALENTS—Beginning of year	<u>120,684</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 126,336</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES	
Purchase of fixed and intangible assets in accounts payable	<u>\$ (18)</u>
Retirement of fully depreciated assets	<u>\$ 1,039</u>
Acquisition of equipment under finance lease	<u>\$ (34)</u>

See accompanying notes to the financial statements.

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

1. ORGANIZATION AND PURPOSE

The National Credit Union Administration Operating Fund (the “Fund”) was created by the Federal Credit Union Act of 1934 (Public Law 73-467, as amended). The Fund is a revolving fund in the United States Treasury under the management of the National Credit Union Administration (NCUA) Board providing administration and service to the federal credit union system.

A significant majority of the Fund’s revenue is comprised of operating fees paid by federal credit unions. Each federal credit union is required to pay this fee based on the Operating Fee Schedule approved by the NCUA Board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The Fund prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), based on standards issued by the Financial Accounting Standards Board (FASB), the private sector standards setting body. The Federal Accounting Standards Advisory Board (FASAB) is the standards setting body for the establishment of GAAP with respect to the financial statements of federal entities. FASAB has indicated that financial statements prepared based upon standards promulgated by FASB may also be regarded as in accordance with GAAP for federal entities that have issued financial statements based upon FASB standards in the past. In 2025, the Fund prepared its financial statements using a single-year presentation in accordance with Office of Management and Budget (OMB) Memorandum 25-30, *Ensuring Accountability: How We Oversee, Audit, and Improve*.

Basis of Accounting – The Fund maintains its accounting records in accordance with the accrual basis of accounting and recognizes income when earned and expenses when incurred. In addition, the Fund records investment transactions when they are executed and recognizes interest on investments when it is earned.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the following:

- reported amounts of assets and liabilities;
- the disclosure of contingent assets and liabilities, if any, at the date of the financial statements; and
- the reported amounts of revenues and expenses incurred during the reporting period.

Significant items subject to those estimates and assumptions include: (i) the determination of the FECA actuarial liability; (ii) certain intangible asset values; (iii) determination of the accounts payable accrual; and (iv) determination of a long-lived asset impairment, the related measurement of the impairment charges, if any.

Cash Equivalents – Cash equivalents are highly liquid investments with original maturities of three months or less. The Federal Credit Union Act permits the Fund to make investments in United States Treasury securities. All investments are cash equivalents and are stated at cost, which approximates fair value. All of the NCUA’s U.S. Treasury securities held by the Fund are issued by the U.S. Government. These securities are generally not expected to have an allowance for credit losses as there is a zero-loss expectation because they are explicitly guaranteed by the U.S. Government, are highly rated by major rating agencies, and have a long history of no credit losses.

Receivables – Receivables include amounts due from the NCUSIF; employee receivables; and other accounts receivable, net.

Prepaid Expenses and Other Assets – Prepaid expenses and other assets include advanced payments for goods and services to be received in the future and prepaid implementation costs incurred in service contracts. A service contract is a hosting arrangement that does not include a software license. Implementation costs incurred in the service contract during application development are recorded as prepaid expenses and amortized on a straight-line basis over the term of the hosting arrangement.

Additional information for prepaid expenses and other assets can be found in Note 4.

Fixed and Intangible Assets – Buildings, furniture, equipment, software, and leasehold improvements are recorded at cost. Software includes the cost of labor incurred by both external and internal software developers and other personnel involved in the development of the software. Finance leases are recorded at the lower of the present value of the future minimum lease payments or the fair market value of the leased asset and are included in Fixed assets. Depreciation and amortization are computed by the straight-line method over the estimated useful lives of buildings, furniture, equipment, and software, and the shorter of either the estimated useful life or lease term for leasehold improvements and finance leases. The schedule below shows a summary of the capitalization thresholds and useful lives used by the NCUA.

Type of Asset	Capitalization Threshold	Useful Life
Buildings	\$100,000	40 years
Building Improvements	\$25,000	2-40 years
Furniture and Fixtures	\$15,000	7 years
Equipment (IT and Telecommunication)	\$15,000	3 years
Commercial Software	\$15,000	3 years
Internal-Use Software (IUS)	\$100,000 or 1,000 hours	3 years
Additions/Improvements to IUS	\$50,000	≤ 3 years
Bulk Purchases	\$100,000	By Asset Type
Leasehold Improvements	\$15,000	Life of the lease
Hosting Arrangement with Software License	\$15,000	3 years

Additional information on fixed and intangible assets can be found in Note 5 and Note 6, respectively.

Long-lived Assets/Impairments – Fixed and intangible assets, subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the carrying value of the long-lived asset or asset group is not recoverable, an impairment loss is recognized, and the asset is reported at the lower of carrying amount or fair value less the cost to sell. Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values, and third-party independent appraisals, as needed.

Service contracts are measured for impairment when events or changes in circumstances occur and there are indications that the carrying amount of the related implementation costs may not be recoverable. If the implementation costs are not recoverable, a write-off of prepaid expenses is recorded.

Accounts Payable and Accrued Other Liabilities – The Fund incurs administrative expenses and liabilities for programs pertaining to related parties that are controlled by the NCUA Board. Accruals are made as expenses are incurred. Accrued other liabilities include contingent liabilities, as described in Note 11.

Leases – The Fund records both operating and finance leases to support the acquisition of office space and equipment.

At lease inception, the NCUA determines if an arrangement represents a lease or contains lease components. A contract is deemed to represent or include a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Right-of-use (ROU) assets represent the NCUA's right to use leased assets over the term of the lease. Lease liabilities represent the NCUA's contractual obligation to make lease payments over the lease term.

ROU assets are calculated using the measurement of lease liability, plus lease payments made at or before the commencement date and any initial direct costs incurred and minus any lease incentives. For finance leases, ROU assets are subsequently amortized on a straight-line basis over the shorter of the useful life of the underlying asset or the lease term. For operating leases, ROU assets are amortized in such a way that the combination of the interest expense accrued on the lease liability and the asset amortization results in a straight-line expense over the lease term.

NCUA classifies a lease as a finance lease when the lease conveys the risk and benefits of ownership by meeting any of the following conditions at least commencement: transfer of ownership; bargain purchase option; the term of the lease is for the majority of the asset's remaining economic life; the present value of lease payments equals or exceeds the fair value of the asset; or the lease is for a specialized asset. If the lease does not meet any of these criteria, NCUA classifies the lease as an operating lease.

For both types of leases, lease liabilities and ROU assets are recognized at the commencement date. The lease liability is measured by using the present value of future unpaid minimum lease payments discounted using the discount rate for the lease. The NCUA uses its incremental borrowing rate as the discount rate when the rate implicit in the lease is not determinable.

Accrued Benefits – The Fund incurs expenses for retirement plans, employment taxes, transportation subsidies, and other benefits mandated by law. Corresponding liabilities recorded contain both short-term and long-term liabilities. Additional information for retirement plans is described in Note 9.

Federal Employees' Compensation Act (FECA) – FECA provides income and medical cost protection to covered federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The FECA program is administered by the U.S. Department of Labor (DOL), which pays valid claims and subsequently seeks reimbursement from the NCUA for these paid claims. The NCUA accrues a liability to recognize those payments and the NCUA subsequently reimburses DOL annually. The Fund records an estimate for the FECA actuarial liability using the DOL's FECA model. The model considers the average amount of benefit payments incurred by the agency for the past three fiscal years, multiplied by the medical and compensation liability to benefits paid ratio for the whole FECA program.

Revenue Recognition – For operating fees, each federal credit union is assessed an annual fee based on its four-quarter average of total assets of the preceding year. The fee is designed to cover the costs of providing administration and service to the federal credit union system. The Fund recognizes this operating fee revenue ratably over the calendar year. Interest revenue and other revenue relating to parking income and rental income is recognized when earned.

Fair Value Measurements – Cash and cash equivalents; due from NCUSIF; employee advances; and other accounts receivable, net, are recorded at book value, which approximates estimated fair value.

Related Party Transactions – The Fund exists within the NCUA and is one of four funds managed by the NCUA Board. The other funds managed by the Board, deemed related parties, are:

- a) The National Credit Union Share Insurance Fund (NCUSIF),
- b) The National Credit Union Administration Central Liquidity Facility (CLF), and
- c) The National Credit Union Administration Community Development Revolving Loan Fund (CDRLF).

The Fund supports these related parties by providing office space, information technology services, and supplies as well as paying employee salaries and benefits. Certain types of support are reimbursed to the Fund by the NCUSIF and the CLF while support of the CDRLF is not reimbursed. Expenses included on the Statement of Revenues, Expenses, and Changes in Fund Balance are shown net of reimbursements from related parties.

Additional related parties are described in Note 7.

Income Taxes – The NCUA, as a government entity, is not subject to federal, state, or local income taxes.

Contingencies – Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

3. CASH AND CASH EQUIVALENTS

The Fund's cash and cash equivalents as of December 31, 2025 are as follows (in thousands):

	2025
Deposits with U.S. Treasury	\$ 19,758
U.S. Treasury Overnight Investments	106,578
Total	<u>\$ 126,336</u>

As of December 31, 2025, the Fund did not recognize an allowance for credit losses on cash equivalents due to their overall high credit quality and short-term nature.

4. PREPAID EXPENSES AND OTHER ASSETS

As of December 31, 2025, Prepaid expenses and other assets of \$5.8 million included \$4.8 million of advanced payments for goods and services and \$1.0 million of prepaid implementation costs incurred in service contracts.

Prepaid implementation costs are comprised of the following as of December 31, 2025 (in thousands):

	2025
Prepaid implementation costs	\$ 1,197
Less current year amortization expense	(177)
Net Total	<u>\$ 1,020</u>

The majority of these service contracts are part of the NCUA's IT modernization efforts. These prepaid implementation costs are project costs for migration and configuration of the software application to be compatible with the NCUA's technical platform and security requirements. Amortization begins when the software is ready for its intended use. Amortization expenses for the year ended December 31, 2025 totaled \$177.0 thousand.

5. FIXED ASSETS

Fixed assets are comprised of the following as of December 31, 2025 (in thousands):

	2025
Office building and land	\$ 61,778
Furniture and equipment	12,940
Leasehold improvements	724
Equipment under finance leases	306
Total book value of assets in-use	75,748
Less accumulated depreciation	(50,483)
Assets in-use, Net	25,265
Construction in progress	1,030
Fixed assets, Net	\$ 26,295

Depreciation expense for the year ended December 31, 2025 totaled \$5.6 million, before allocation to the NCUSIF as described in Note 7. Construction in progress includes costs associated with equipment not currently placed in service.

The NCUA's Board delegated its authority to the Executive Director to effectuate the sale of the Southern Region office building and related land in Austin, Texas (the property). The property was reclassified as an asset held for sale with a carrying value of \$0.7 million during the first half of 2025. No impairment loss was recognized on the reclassification as an asset held for sale.

In July 2025, the NCUA completed the sale of the property for \$3.5 million. The fund recognized gain on sale of the property for approximately \$2.7 million and reported the gain as an Other Revenue on the Statement of Revenues, Expenses, and Changes in Fund Balance.

6. INTANGIBLE ASSETS

Intangible assets are comprised of the following as of December 31, 2025 (in thousands):

	2025
Internal-use software	\$ 59,667
Less accumulated amortization	(44,194)
Total Internal-use software, Net	15,473
Internal-use software under development	256
Intangible assets, Net	\$ 15,729

Internal-use software represents costs incurred from the customization of software purchased from external vendors for internal use as well as the cost of software that is developed in-house. To ensure compliance with new technical and security requirements, approximately \$0.9 million in new capitalized internal-use software were implemented in 2025. Amortization begins on the date the software is placed in service. Amortization expense for the year ended December 31, 2025 totaled \$4.2 million, before allocation to the NCUSIF as described in Note 7. Internal-use software under development represents software not ready for its intended use.

7. RELATED PARTY TRANSACTIONS

(a) Transactions with the NCUSIF

Certain administrative services are provided by the Fund to the NCUSIF. These services include paying personnel costs such as pay and benefits and other associated costs which include, but are not limited to, telecommunications, supplies, printing, and postage. The Fund charges the NCUSIF for these services based upon an annual Board approved allocation factor derived from a study of actual usage. In 2025, the allocation to the NCUSIF was 61.7% of all expenses. The cost of the services allocated to the NCUSIF totaled \$248.5 million for 2025. The Fund's expenses in the accompanying financial statements are presented net of these amounts. As of December 31, 2025, amounts due from the NCUSIF totaled \$4.8 million. As of December 31, 2025, the liability for advances and prepayments from the NCUSIF for overhead was \$12.3 million.

(b) Transactions with the CLF

Administrative services are provided by the Fund to the CLF. The Fund pays CLF employee salaries and related benefits as well as the CLF's portion of building and operating costs. Reimbursements of these expenses are determined by applying a ratio of the CLF full-time equivalent employees to the NCUA total employees with settlement and payment occurring quarterly. The costs of the services provided to the CLF were \$1.9 million for the year ended December 31, 2025. The Fund's expenses in the accompanying financial statements are presented net of these amounts. As of December 31, 2025, amounts due from the CLF, included within other accounts receivable net, totaled \$411.8 thousand.

(c) Support of the CDRLF

The Fund supports the administration of programs under the CDRLF by paying related personnel costs such as pay and benefits and other associated costs which include, but are not limited to, telecommunications, supplies, printing, and postage. For the year ended December 31, 2025, unreimbursed administrative support to the CDRLF is \$1.1 million.

(d) Federal Financial Institutions Examination Council (FFIEC)

The FFIEC was established on March 10, 1979, as a formal interagency body empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions by the constituent agencies, and to make recommendations to promote uniformity in the supervision of financial institutions. By statute, the Chairman of the NCUA is one of the voting Council Members.

The NCUA is one of the federal agencies that fund the FFIEC's operations. The FFIEC provides training to staff employed by Member agencies; the Member agencies are charged for these trainings based on use. A portion of the NCUA's contributions to the FFIEC cover costs associated with cross-agency data collection applications, including applications related to the Home Mortgage Disclosure Act. For the year ended December 31, 2025, FFIEC assessments totaled \$2.0 million. The NCUA's 2026 budgeted assessments from FFIEC total \$2.0 million.

8. LEASES

Description of Leasing Agreements – The Fund has entered into lease agreements with vendors for the rental of office space and office equipment, which includes copiers and mail equipment.

Operating Leases – The Fund leases a portion of the NCUA's regional office space under lease agreements that will continue through 2033. Office rental charges amounted to approximately \$1.2 million for 2025. Operating leases are included in Operating lease ROU assets and Operating lease liabilities in the financial statements.

Finance Leases – The Fund leases copiers and mail equipment under lease agreements that run through 2029. Finance leases are included in Fixed assets and Finance lease liabilities in the financial statements.

Lease costs for finance and operating leases for all non-cancellable leases are set forth below for the year ended December 31, 2025 (in thousands):

	Year Ended December 31, 2025
Finance lease cost:	
Amortization of right-of-use assets	\$ 68
Interest on lease liabilities	2
Total finance lease cost	<u>70</u>
Operating lease cost	1,104
Total lease cost	<u>\$ 1,174</u>

The weighted-average discount rate associated with operating leases as of December 31, 2025, was 2.41%; while the weighted-average discount rate associated with finance leases was 1.80%. The weighted-average remaining lease term associated with operating leases as of December 31, 2025, was 6.50 years; while the weighted-average remaining lease term associated with finance leases was 1.97 years.

The following table reconciles the undiscounted cash flows for the first five years and the total remaining finance lease liabilities and operating lease liabilities recorded in the accompanying Balance Sheet as of December 31, 2025 (in thousands):

Lease Liability Maturities:	Finance Leases	Operating Leases	Total Leases
2026	\$ 57	\$ 1,244	\$ 1,301
2027	8	1,271	1,279
2028	8	1,299	1,307
2029	8	906	914
2030	-	841	841
Thereafter	-	2,176	2,176
Total Undiscounted Lease Payments	<u>81</u>	<u>7,737</u>	<u>7,818</u>
Less: Present Value Adjustment	(2)	(1,364)	(1,366)
Net Lease Liabilities	<u>\$ 79</u>	<u>\$ 6,373</u>	<u>\$ 6,452</u>

There were no material operating or finance leases that the NCUA had entered into and that were yet to commence as of December 31, 2025.

9. RETIREMENT PLANS

Eligible employees of the Fund are covered by federal government retirement plans—either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). Both plans include components that are defined benefit plans. FERS is comprised of a Social Security Benefits Plan, a Basic Benefits Plan, and the Thrift Savings Plan. Contributions to the plans are based on a percentage of an employee's gross pay. Under the Thrift Savings Plan, employees may also elect additional contributions. For 2025, the Elective Deferral Limit was \$23,500. For 2025, the Catch-up Contribution Limit for eligible employees ages 50-59, and age 64 and over was \$7,500. For 2025, the Catch-up Contribution Limit for eligible employees ages 60-63 was \$11,250. In addition, the Fund matches up to 5.0% of the employee's gross pay.

As of December 31, 2025, the Fund's contributions to retirement plans were \$45.5 million.

These defined benefit plans are administered by the U.S. Office of Personnel Management (OPM), which determines the required employer contribution level. The Fund does not account for the assets pertaining to the above plans and does not have actuarial data with respect to accumulated plan benefits or the unfunded liability relative to eligible employees. These amounts are reported by OPM and are not allocated to individual employers.

The Fund maintains a voluntary 401(k) Plan (NCUA Savings Plan) and contributes, with no employee matching contribution, 3.0% of the employee's compensation and matches an employee's voluntary contribution up to a maximum of 2.0% of the employee's total pay as defined in the Compensation and Benefits Agreement.

As of December 31, 2025, the Fund's contributions to the NCUA Savings Plan were \$9.5 million. The gross operating expenses associated with the NCUA Savings Plan in 2025 were \$93.1 thousand.

10. FAIR VALUE MEASUREMENTS

The fair value of an instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fund has no financial instruments that are subject to fair value measurement on a recurring basis.

The following table presents the carrying values and established fair values of the Fund's financial instruments as of December 31, 2025 (in thousands):

	2025	
	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 126,336	\$ 126,336
Due from NCUSIF	4,781	4,781
Other accounts receivable, Net	547	547

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents – The carrying amount for cash and cash equivalents approximates fair value as the short-term nature of these instruments do not lead to significant fluctuations in value. Cash equivalents are U.S. Treasury overnight investments.

Due from NCUSIF – The carrying amount for due from NCUSIF approximates fair value as the amount is scheduled to be paid within the first quarter of 2026.

Other accounts receivable, net – The carrying amount for other accounts receivable approximates fair value as the original gross amounts together with a valuation allowance reflect the net amount that is deemed collectible. As of December 31, 2025, the Fund's other accounts receivable, net includes an allowance in the amount of \$0.2 thousand.

11. CONTINGENCIES

The NCUA recognizes contingent liabilities when a past event or transaction has occurred, a future outflow or other sacrifice of resources is probable, and the future outflow or sacrifice of resources is estimable. The NCUA is party to various routine administrative proceedings, legal actions, and claims brought against it, which have or may ultimately result in settlements or decisions against the agency.

As of December 31, 2025, the NCUA had seven asserted and pending legal claims with a reasonably possible likelihood of loss and estimated range of loss from \$545.0 thousand to \$1.5 million. As of December 31, 2025, the NCUA did not have any probable losses from asserted and pending legal claims.

12. COLLECTIVE BARGAINING AGREEMENT

The NCUA has a Collective Bargaining Agreement (CBA) with the National Treasury Employees Union (NTEU) that became effective on December 12, 2022. NTEU is the exclusive representative of approximately 73% of the NCUA employees.

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 13, 2026, which is the date the financial statements were available to be issued. Management determined that there were no significant items to be disclosed as of December 31, 2025.

Financial Information

National Credit Union Administration Central Liquidity Facility

Financial Statements as of and for the Year Ended
December 31, 2025, and
Independent Auditors' Report



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Acting Inspector General, National Credit Union Administration and
the National Credit Union Administration Board:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the National Credit Union Administration Central Liquidity Facility (the CLF), which comprise the balance sheets as of December 31, 2025, and the related statements of operations, members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the National Credit Union Administration Central Liquidity Facility as of December 31, 2025 and the results of its operations, members' equity and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CLF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CLF's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are



considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CLF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CLF's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended December 31, 2025, we considered the CLF's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CLF's internal control. Accordingly, we do not express an opinion on the effectiveness of the CLF's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CLF's financial statements as of and for the year ended December 31, 2025, are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-02.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CLF's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the NCUA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC
February 13, 2026

NATIONAL CREDIT UNION ADMINISTRATION CENTRAL LIQUIDITY FACILITY

BALANCE SHEET

As of December 31, 2025

(Dollars in thousands, except share data)

	<u>2025</u>
ASSETS	
Cash and Cash Equivalents (Notes 3 and 5)	\$ 163,534
Investments Held to Maturity (Net of \$4,170 unamortized discount and fair value of \$850,069 as of 2025) (Notes 4 and 5)	853,029
Accrued Interest Receivable (Note 5)	<u>5,694</u>
TOTAL ASSETS	<u><u>\$ 1,022,257</u></u>
LIABILITIES AND MEMBERS' EQUITY	
LIABILITIES	
Accounts Payable (Notes 5 and 9)	\$ 826
Dividends and Interest Payable (Note 5)	8,840
Stock Redemption Payable (Note 5)	35,654
Member Deposits (Notes 5 and 7)	<u>36,205</u>
Total Liabilities	<u>81,525</u>
MEMBERS' EQUITY	
Capital Stock – Required (\$50 per share par value authorized: 35,687,020 shares; Issued and outstanding: 17,843,510 shares as of 2025) (Note 6)	892,175
Retained Earnings	<u>48,557</u>
Total Members' Equity	<u>940,732</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u><u>\$ 1,022,257</u></u>

See accompanying notes to the financial statements.

**NATIONAL CREDIT UNION ADMINISTRATION
CENTRAL LIQUIDITY FACILITY**

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2025

(Dollars in thousands)

	<u>2025</u>
REVENUE	
Investment Income	\$ 40,133
Total Revenue	<u>40,133</u>
EXPENSES (Note 9)	
Personnel Services	1,193
Personnel Benefits	509
Other General and Administrative Expenses	<u>311</u>
Total Operating Expenses	2,013
Interest – Member Deposits (Note 7)	<u>1,178</u>
Total Expenses	<u>3,191</u>
NET INCOME	<u>\$ 36,942</u>

See accompanying notes to the financial statements.

**NATIONAL CREDIT UNION ADMINISTRATION
CENTRAL LIQUIDITY FACILITY**

STATEMENT OF MEMBERS' EQUITY

For the Year Ended December 31, 2025

(Dollars in thousands, except share data)

	Capital Stock		Retained Earnings	Total
	Shares	Amount		
BALANCE – December 31, 2024	17,674,774	\$ 883,739	\$ 45,009	\$ 928,748
Issuance of Required Capital Stock	1,094,751	54,737		54,737
Redemption of Required Capital Stock	(926,015)	(46,301)		(46,301)
Dividends Declared (Note 6)			(33,394)	(33,394)
Net Income			36,942	36,942
BALANCE – December 31, 2025	<u>17,843,510</u>	<u>\$ 892,175</u>	<u>\$ 48,557</u>	<u>\$ 940,732</u>

See accompanying notes to the financial statements.

**NATIONAL CREDIT UNION ADMINISTRATION
CENTRAL LIQUIDITY FACILITY**

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025
(Dollars in thousands)

	<u>2025</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Income	\$ 36,942
Adjustments to Reconcile Net Income	
to Net Cash Provided by Operating Activities:	
Amortization of Investments	(10,201)
Interest - Member Deposits	1,178
(Increase) / decrease in assets:	
Prepaid Expenses	4
Accrued Interest Receivable	(1,495)
(Decrease) / increase in liabilities:	
Accounts Payable	76
Net Cash Provided by Operating Activities	<u>26,504</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Investments	(889,198)
Proceeds from Maturing Investments	908,600
Net Cash Provided by Investing Activities	<u>19,402</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Issuance of Required Capital Stock	27,904
Redemption of Capital Stock	(4,310)
Withdrawal of Member Deposits	(17,786)
Net Cash Provided by Financing Activities	<u>5,808</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	51,714
CASH AND CASH EQUIVALENTS—Beginning of Year	<u>111,820</u>
CASH AND CASH EQUIVALENTS—End of Year	<u><u>\$ 163,534</u></u>

See accompanying notes to the financial statements.

NATIONAL CREDIT UNION ADMINISTRATION CENTRAL LIQUIDITY FACILITY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

1. ORGANIZATION AND PURPOSE

The National Credit Union Administration (NCUA) Central Liquidity Facility (CLF) was created by the National Credit Union Central Liquidity Facility Act (Act). The CLF is designated as a mixed-ownership Government corporation under the Government Corporation Control Act. The CLF exists within the NCUA and is managed by the NCUA Board in its capacity as the CLF Board. The CLF became operational on October 1, 1979.

The CLF was created to improve the general financial stability of credit unions by serving as a liquidity lender to credit unions experiencing unusual or unexpected liquidity shortfalls. The CLF accomplishes its purpose by lending funds, subject to certain statutory limitations, when a liquidity need arises.

The CLF is subject to various federal laws and regulations. The CLF's investments are restricted to obligations of the U.S. Government and its agencies, deposits in federally insured financial institutions, and shares and deposits in credit unions. Borrowing is permitted to a maximum of twelve times the subscribed capital stock and surplus of the CLF.

See Notes 2, 6 and 8 for further information about the capital stock and Note 8 for the CLF's borrowing authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The CLF prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), based on standards issued by the Financial Accounting Standards Board (FASB), the private-sector standards-setting body. The Federal Accounting Standards Advisory Board (FASAB) is the standards-setting body for the establishment of GAAP with respect to the financial statements of Federal Government entities. FASAB has indicated that financial statements prepared based upon standards promulgated by FASB may also be regarded as in accordance with GAAP for those federal entities, such as the CLF, that have issued financial statements based upon FASB standards in the past. In 2025, the CLF prepared its financial statements using a single-year presentation in accordance with Office of Management and Budget (OMB) Memorandum 25-30, *Ensuring Accountability: How We Oversee, Audit, and Improve*.

Basis of Accounting – The CLF maintains its accounting records in accordance with the accrual basis of accounting and recognizes income when earned and expenses when incurred. As such, the CLF recognizes interest income on loans and investments when earned, and recognizes interest expense on borrowings when incurred. In addition, the CLF accrues and records dividends on capital stock monthly and pays dividends quarterly.

Cash Equivalents – Cash equivalents are highly liquid investments with original maturities of three months or less.

Investments – By statute, the CLF investments are restricted to obligations of the U.S. Government and its agencies, deposits in federally insured financial institutions, and shares and deposits in credit unions. All investments are classified as held-to-maturity in accordance with FASB Accounting Standards Codification (ASC) 320, *Classification of Debt Securities*, as the CLF has the intent and ability to hold these investments until maturity. Accordingly, the CLF reports investments at amortized cost. Amortized cost is the face value of the securities plus the unamortized premium or less the unamortized discount.

For investment securities in an unrealized loss position, the CLF first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For investment securities that do not meet the aforementioned criteria, the CLF evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized costs basis.

All of the CLF's held-to-maturity investments are issued by the U.S. Government. These investments are generally not expected to have an allowance for credit losses as there is a zero-loss expectation because they are explicitly guaranteed by the U.S. Government, are highly rated by major rating agencies, and have a long history of no credit losses.

Premiums and discounts are amortized or accreted over the life of the related held-to-maturity investment as an adjustment to yield using the effective interest method. Such amortization and accretion are included in the Investment Income line item in the Statement of Operations.

The CLF records investment transactions when they are made.

Loans and Allowance for Credit Losses – Loans, when made to members, are typically on a short-term basis but may approach one year under certain conditions. Loans are recorded at the amount disbursed and bear interest based on the Federal Financing Bank Advance Rate or the Federal Reserve Bank Discount Window Primary Credit Rate. By regulation, member loans are secured by a perfected first priority interest in a borrower's collateral. The CLF requires a collateral margin, based on eligible collateral types, to further protect each loan.

The CLF estimates credit losses on loans using an approach that considers relevant information about past events, current conditions and reasonable and supportable forecasts that affect the collectability of cash flows. The measurement of the allowance for credit losses is based on the difference between the contractual cash flows due under the loan and the cash flows that the CLF expects to collect. Each advance is required to be over-collateralized prior to the loan approval which safeguards the CLF at the inception of the advance. Hence, the CLF has determined that no adjustments to the Allowance for Credit Losses are required at the initial reporting date of the CLF loan. Collateral maintenance, including required

adjustments to pledged collateral, over the life of each loan provides protection while loans remain outstanding.

In 2025, the CLF had no lending activity.

Borrowings – The CLF’s borrowings are recorded when they are received, do not hold premiums or discounts, and are carried at cost. Repayments are recorded when they are made.

Income Taxes – The NCUA, as a government entity, is not subject to federal, state, or local income taxes and, accordingly, no provision for income taxes is recorded for the CLF.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management’s estimates.

Commitments and Contingencies – Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Prepaid Expenses – Prepaid expenses include advanced payments for goods and services to be received in the future.

Related Parties – The CLF exists within the NCUA and is owned by its member credit unions and managed by the NCUA Board in its capacity as the CLF Board. The NCUA Operating Fund (OF) provides the CLF with information technology, support services, and supplies; in addition, the NCUA OF pays the CLF’s employees’ salaries and benefits, as well as the CLF’s portion of monthly building operating costs. The allocation formula to reimburse these expenses is based on the number of full-time employees of the respective entities.

3. CASH AND CASH EQUIVALENTS

The CLF’s cash and cash equivalents as of December 31, 2025 are as follows:

(Dollars in thousands)	2025
U.S. Treasury Overnight Investments	\$ 163,434
Deposits with U.S. Treasury	100
Total	\$ 163,534

U.S. Treasury securities had an initial term of less than three months when purchased. As of December 31, 2025, the CLF did not recognize an allowance for credit losses on cash equivalents due to their overall high credit quality and short-term nature.

4. INVESTMENTS

The carrying amount, gross unrealized holding gains, gross unrealized holding losses, and the fair value of held-to-maturity debt securities as of December 31, 2025, were as follows:

(Dollars in thousands)	2025
Carrying Amount as of December 31	\$ 853,029
Gross Unrealized Holding Gains	1,877
Gross Unrealized Holding Losses	(4,837)
Fair Value	<u>\$ 850,069</u>

Maturities of debt securities classified as held-to-maturity were as follows:

(Dollars in thousands)	2025	
	Net Carrying Amount	Fair Value
Due in one year or less	\$ 344,917	\$ 345,030
Due after one year through five years	469,765	468,423
Due after five years through ten years	38,347	36,616
Total	<u>\$ 853,029</u>	<u>\$ 850,069</u>

The following table includes gross unrealized losses on investment securities, in addition to the fair values of those securities, aggregated by investment classification and length of time the investments have been in a loss position, at December 31, 2025.

(Dollars in thousands)	Losses Less than 12 Months		Losses More than 12 Months		Total	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
	As of December 31, 2025					
U.S. Treasury Securities	<u>\$ (39)</u>	<u>\$ 99,972</u>	<u>\$ (4,798)</u>	<u>\$ 81,887</u>	<u>\$ (4,837)</u>	<u>\$ 181,859</u>

5. FAIR VALUE MEASUREMENTS

The fair value of an instrument is the amount that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents – The carrying amounts for cash and cash equivalents approximate fair value.

Investments Held to Maturity – The CLF’s investments held-to-maturity are all comprised of U.S. Treasury Securities, for which market prices can be readily obtained. The related fair value is determined using the quoted market prices at the reporting date.

Member Deposits – Funds maintained with the CLF in excess of required capital amounts are recorded as member deposits. These deposits are due upon demand; therefore, carrying amounts approximate the fair value.

Other – Accrued interest receivable, accounts payable, accrued interest payable, stock redemption payable, and dividends payable are recorded at amortized cost, which approximate the respective fair values because of the short maturity of these instruments.

The following table presents the carrying amounts and established fair values of the CLF’s financial instruments as of December 31, 2025. The carrying values and approximate fair values of the CLF’s financial instruments are as follows:

(Dollars in thousands)	2025	
	Carrying Value	Fair Value
Cash and Cash Equivalents	\$ 163,534	\$ 163,534
Investments Held to Maturity	853,029	850,069
Accrued Interest Receivable	5,694	5,694
Accounts Payable	826	826
Dividends and Interest Payable	8,840	8,840
Stock Redemption Payable	35,654	35,654
Member Deposits	36,205	36,205

6. CAPITAL STOCK

Membership in the CLF is open to all credit unions that purchase a prescribed amount of capital stock. The CLF capital stock is non-voting and shares have a par value of \$50. Currently, there is one subscribed form of membership—regular members. Natural person credit unions may borrow from the CLF directly as a regular member.

The capital stock account represents subscriptions remitted to the CLF by regular member credit unions. Members' required subscription amounts equal one-half of one percent of their paid-in and unimpaired capital and surplus, one-half of which is required to be remitted to the CLF. Member credit unions are required to hold the remaining one-half in assets subject to call by the NCUA Board in its capacity as the CLF Board. These unremitted subscriptions are not reflected in the CLF's financial statements. Subscriptions are adjusted annually to reflect changes in the member credit unions' paid-in and unimpaired capital and surplus. Dividends are non-cumulative, and are declared and paid on the required portion of capital stock.

The required capital stock is redeemable upon demand by the members, subject to certain conditions as set out in the Act and NCUA regulations; however, the stock is not deemed "mandatorily redeemable" as defined in FASB ASC 480-10-25-7, *Mandatorily Redeemable Financial Instruments*; therefore, capital stock is classified in permanent equity.

The CLF's capital stock account was comprised of the following as of December 31, 2025 (amounts in thousands, except share data):

	2025	
	Shares	Amounts
Regular members	17,843,510	\$ 892,175

Dividends on capital stock are declared based on available earnings and the dividend policy set by the NCUA Board in its capacity as the CLF Board. Dividends are accrued monthly based on prior quarter-end balances and paid on the first business day after the quarter-end. The dividend rates paid on capital stock for regular and agent members change quarterly. For 2025, the dividend rate was \$1.825 per share for all four quarters.

7. MEMBER DEPOSITS

Member deposits represent amounts remitted by members over and above the amount required for membership. Interest is paid on member deposits at a rate equivalent to the dividend rate paid on required capital stock.

8. BORROWING AUTHORITY

The CLF is authorized by statute to borrow, from any source, an amount not to exceed twelve times its subscribed capital stock and surplus. As of December 31, 2025, the CLF's statutory borrowing authority was \$22.0 billion.

As described above, the borrowing authority amounts are referenced to subscribed capital stock and surplus of the CLF. The CLF borrowing arrangement is exclusively with the Federal Financing Bank (FFB). The NCUA maintains a note purchase agreement with FFB on behalf of the CLF with a current maximum principal amount of \$20.0 billion. Under the terms of its agreement, the CLF borrows from FFB as needed. Under terms prescribed by the note purchase agreement, the CLF executes promissory notes in amounts as necessary, the aggregate amount of which may not exceed its statutory borrowing authority, and renews them annually. Advances made under the current promissory note can be made no later than March 31, 2026. During 2025, the CLF did not borrow any funds from FFB.

9. RELATED PARTY TRANSACTIONS

The NCUA OF pays the salaries and related benefits of the CLF's employees, as well as the CLF's portion of building and operating costs. Reimbursements of these expenses are determined by applying a ratio of the CLF full-time equivalent employees to the NCUA total, with settlement and payment occurring quarterly. The total amount charged by the NCUA was approximately \$1.9 million for December 31, 2025. Accounts payable includes approximately \$411.8 thousand for December 31, 2025, due to the NCUA OF for services provided.

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 13, 2026, which is the date the financial statements were available to be issued. Management determined that there were no significant items to be disclosed as of December 31, 2025.

Financial Information

National Credit Union Administration Community Development Revolving Loan Fund

Financial Statements as of and for the Year Ended
December 31, 2025, and
Independent Auditors' Report



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Acting Inspector General, National Credit Union Administration and
the National Credit Union Administration Board:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the National Credit Union Administration Community Development Revolving Loan Fund (the CDRLF), which comprise the balance sheets as of December 31, 2025 and the related statements of operations, changes in fund balance, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the National Credit Union Administration Community Development Revolving Loan Fund as of December 31, 2025 and the results of its operations, changes in fund balance, and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CDRLF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CDRLF's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are



considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CDRLF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CDRLF's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended December 31, 2025, we considered the CDRLF's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CDRLF's internal control. Accordingly, we do not express an opinion on the effectiveness of the CDRLF's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CDRLF's financial statements as of and for the year ended December 31, 2025, are free from material misstatement, we performed tests of its compliance with



certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or OMB Bulletin No. 24-02.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CDRLF's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the NCUA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC
February 13, 2026

**NATIONAL CREDIT UNION ADMINISTRATION
COMMUNITY DEVELOPMENT REVOLVING LOAN FUND**

BALANCE SHEET

As of December 31, 2025

(Dollars in thousands)

	<u>2025</u>
ASSETS	
Cash and Cash Equivalents (Notes 3 and 7)	\$ 20,538
Loans Receivable, Net (Notes 4 and 7)	3,883
Interest Receivable (Note 7)	<u>10</u>
TOTAL ASSETS	<u><u>\$ 24,431</u></u>
LIABILITIES AND FUND BALANCE	
Accrued Technical Assistance Grants (Note 7)	<u>\$ 4,023</u>
Fund Balance	
Fund Capital	17,556
Accumulated Earnings	<u>2,852</u>
Total Fund Balance	<u>20,408</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 24,431</u></u>

See accompanying notes to the financial statements.

**NATIONAL CREDIT UNION ADMINISTRATION
COMMUNITY DEVELOPMENT REVOLVING LOAN FUND**

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2025

(Dollars in thousands)

	<u>2025</u>
REVENUES	
Interest on Cash Equivalents	\$ 462
Interest on Loans	62
Appropriations Used (Note 5)	445
Canceled Technical Assistance Grants (Note 5)	<u>(113)</u>
TOTAL REVENUES	<u>856</u>
EXPENSES	
Technical Assistance Grants (Note 5)	512
Canceled Technical Assistance Grants (Note 5)	<u>(130)</u>
TOTAL EXPENSES	<u>382</u>
NET INCOME	<u>\$ 474</u>

See accompanying notes to the financial statements.

**NATIONAL CREDIT UNION ADMINISTRATION
COMMUNITY DEVELOPMENT REVOLVING LOAN FUND**

STATEMENT OF CHANGES IN FUND BALANCE

For the Year Ended December 31, 2025

(Dollars in thousands)

	Fund Capital			Accumulated Earnings	Total Fund Balance
	For Loans	For Technical Assistance	Total Fund Capital		
December 31, 2024	\$ 13,388	\$ 1,344	\$ 14,732	\$ 2,378	\$ 17,110
Appropriations Received (Note 5)	-	3,465	3,465	-	3,465
Appropriations Used (Note 5)	-	(445)	(445)	-	(445)
Canceled Appropriations Returned to Treasury (Note 5)	-	(309)	(309)	-	(309)
Canceled Technical Assistance Grants (Note 5)	-	113	113	-	113
Net Income	-	-	-	474	474
December 31, 2025	<u>\$ 13,388</u>	<u>\$ 4,168</u>	<u>\$ 17,556</u>	<u>\$ 2,852</u>	<u>\$ 20,408</u>

See accompanying notes to the financial statements.

**NATIONAL CREDIT UNION ADMINISTRATION
COMMUNITY DEVELOPMENT REVOLVING LOAN FUND**

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

(Dollars in thousands)

	<u>2025</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income	\$ 474
Adjustments to Reconcile Net Income to Net Cash Used in Operating Activities	
Appropriations Used	(445)
Canceled Technical Assistance Grants	113
(Increase) / decrease in assets:	
Interest Receivable	(2)
(Decrease) / increase in liabilities:	
Accrued Technical Assistance Grants	(1,978)
Net Cash Used in Operating Activities	<u>(1,838)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Loan Principal Repayments	750
Loan Disbursements	(750)
Net Cash Provided by Investing Activities	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Appropriations Received 2025/2026	3,465
Canceled Appropriations Returned to Treasury 2019/2020	(309)
Net Cash Provided by Financing Activities	<u>3,156</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,318
CASH AND CASH EQUIVALENTS — Beginning of year	<u>19,220</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 20,538</u>

See accompanying notes to the financial statements.

NATIONAL CREDIT UNION ADMINISTRATION COMMUNITY DEVELOPMENT REVOLVING LOAN FUND

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

1. ORGANIZATION AND PURPOSE

The Community Development Revolving Loan Fund (CDRLF) was established by an act of Congress (Public Law 96-123, November 20, 1979) to stimulate economic development in low-income communities. The Community Development Credit Union Transfer Act (Public Law 99-609, November 6, 1986) transferred the CDRLF administration to the National Credit Union Administration (NCUA) from the Department of Health and Human Services. The NCUA Board adopted amendments to Part 705 of the NCUA Rules and Regulations, governing administration of the CDRLF, on September 16, 1987 and began making loans/deposits to participating credit unions in 1990.

The CDRLF stimulates economic activities in the communities served by low-income designated federally-chartered and state-chartered credit unions through its loan and technical assistance grant program. These financial awards are appropriated by Congress and are intended to support credit unions in their efforts to provide basic financial services to residents in their communities, enhance their capacity to better serve their members, and respond to emergencies. The policy of the NCUA is to revolve loans to eligible credit unions as often as practical to maximize the economic benefits achieved by participating credit unions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The CDRLF prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), based on standards issued by the Financial Accounting Standards Board (FASB), the private sector standards setting body. The Federal Accounting Standards Advisory Board (FASAB) is the standards setting body for the establishment of GAAP with respect to the financial statements of federal entities. FASAB has indicated that financial statements prepared based upon standards promulgated by FASB may also be regarded as in accordance with GAAP for federal entities that have issued financial statements based upon FASB standards in the past. In 2025, the CDRLF prepared its financial statements using a single-year presentation in accordance with Office of Management and Budget (OMB) Memorandum 25-30, *Ensuring Accountability: How We Oversee, Audit, and Improve*.

Basis of Accounting – The CDRLF maintains its accounting records in accordance with the accrual basis of accounting and recognizes income when earned and expenses when incurred. In addition, the CDRLF records investment transactions when they are executed and recognizes interest on investments when it is earned.

Use of Estimates – The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the following:

- reported amounts of assets and liabilities;
- the disclosure of contingent assets and liabilities, if any, at the date of the financial statements; and
- the reported amounts of revenues and expenses during the reporting period.

Cash Equivalents – Cash equivalents are highly liquid investments with original maturities of three months or less. The Federal Credit Union Act (Public Law 73-467, as amended) permits the CDRLF to make investments in United States Treasury securities. All investments are cash equivalents and are stated at cost, which approximates fair value. All of the NCUA’s U.S. Treasury securities held by the Fund are issued by the U.S. Government. These securities are generally not expected to have an allowance for credit losses as there is a zero-loss expectation because they are explicitly guaranteed by the U.S. Government, are highly rated by major rating agencies, and have a long history of no credit losses.

Loans Receivable and Allowance for Credit Losses – The CDRLF awards loan amounts of up to \$500,000 to participating credit unions based on financial condition. These loans have a maximum term of five years and are subject to the interest rate provided by the CDRLF Loan Interest Rate policy, which is reviewed annually. Effective March 29, 2019, the CDRLF set the interest rate to 1.50%, an increase from the previous rate of 0.60% set on May 1, 2014. Interest is to be paid on a semiannual basis beginning six months after the initial distribution of the loan and every six months thereafter until maturity. Principal is to be repaid on the maturity date of the loan.

Loans are initially recognized at their disbursed amount, and subsequently at amortized cost, net of the allowance for credit losses, if any. The allowance for credit losses is a valuation account that is deducted from the loans’ amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectability of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

Management estimates the allowance balance using relevant available information from internal and external sources relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics.

The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. Loans that do not share risk characteristics are evaluated on an individual basis; loans evaluated on an individual basis are not included in the collective evaluation. When management determines that a credit union’s specific risk characteristics criteria conditions exist, such as a low CAMELS¹ rating, the borrower’s credit risk and circumstances have changed, management determines whether individual loan loss evaluation is necessary. The NCUA determines the current expected credit losses using the Weighted Average Remaining Maturity (WARM) method.

¹ The CAMELS system, which applies a rating to the credit union ranging from “1” (strongest) to “5” (weakest), is based upon an evaluation of six critical elements of a credit union’s operations: Capital Adequacy, Asset Quality, Management, Earnings, Liquidity Risk, and Sensitivity to Market Risk (CAMELS). The NCUA employs the CAMELS rating system as a tool to measure risk and allocate resources for supervisory purposes.

The WARM method uses current loan balances, historical annualized charge-off rates, and the estimated remaining life for each loan, subject to any qualitative adjustments, to estimate the allowance for credit losses. Based on historical credit loss data, the CDRLF had not incurred a significant credit loss in the past ten years for any of the loans it has issued to participating credit unions. As the regulator of credit unions, the NCUA is responsible for the supervision and safety of the credit union industry, and as such, the CDRLF has access to proprietary examination data of each credit union, which provides insight into the financial condition of borrowers. NCUA management utilizes the recent CAMELS ratings, loan payment information, and changes in borrower's credit risk and circumstances to periodically evaluate and assess its loan portfolio. Additions to the allowance for expected credit losses are made by charges to the provision for credit losses.

Technical Assistance Grants – The CDRLF issues technical assistance grants to low-income credit unions using multiyear appropriated funds and income generated from the revolving fund. The NCUA recognizes the appropriation used as revenue, and an associated grant expense along with an accrual when the CDRLF makes a formal commitment to the recipient credit union for technical assistance grants.

Multiyear Funds

The CDRLF grant program is primarily funded through an annual appropriation from Congress. During the two-year period of availability, multiyear funds can be obligated to participating credit unions. At the end of the period of availability, the appropriation expires and the expired appropriation remains available for five more years and can be used for recording, adjusting, and making disbursements to liquidate obligations. At the end of the five-year period, the appropriation account closes and any remaining obligated and unobligated balances are canceled. Canceled appropriations are returned to the U.S. Treasury and credited back to the original appropriated fund from which they were awarded. Canceled technical assistance grants are deobligations of multiyear funds awarded in current or prior years.

Revolving Fund

The CDRLF can also award technical assistance grants from the revolving fund. These grants are recognized as technical assistance grants expense when the funds are obligated to participating credit unions. If a grant awarded from the revolving fund is canceled, the funds are recognized as canceled technical assistance grants.

Fair Value Measurements – Cash and cash equivalents; loans receivable, net; interest receivable; and accrued technical assistance grants are recorded at book value, which approximates estimated fair value.

Related Party Transactions – The NCUA, through the Operating Fund (OF), provides certain general and administrative support to the CDRLF, including personnel costs such as pay and benefits as well as other costs which include but are not limited to telecommunications, supplies, printing, and postage. The value of these contributed services is not charged to the CDRLF.

Revenue Recognition – Appropriation revenue is recognized as the related technical assistance grant expense is recognized. Total appropriation revenues will differ from total technical assistance grant expenses because technical assistance grants are funded by both appropriations and income generated from the revolving fund. Interest on cash and cash equivalents and interest on loans receivable, net is recognized when earned.

Income Taxes – The NCUA, as a government entity, is not subject to federal, state, or local income taxes.

Contingencies – Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

3. CASH AND CASH EQUIVALENTS

The CDRLF's cash and cash equivalents as of December 31, 2025 are as follows (in thousands):

	2025
Deposits with U.S. Treasury	\$ 9,147
U.S. Treasury Overnight Investments	11,391
Total	<u>\$ 20,538</u>

As of December 31, 2025, the CDRLF did not recognize an allowance for credit losses on cash and cash equivalents due to their overall high credit quality and short-term nature.

4. LOANS RECEIVABLE, NET

Loans receivable, net as of December 31, 2025 consisted of the following (in thousands):

	2025
Loans to Participating Credit Unions	\$ 3,883
Loans Receivable	3,883
Allowance for Credit Losses	-
Loans Receivable, Net	<u>\$ 3,883</u>

The allowance for credit losses was \$0 for the year ended December 31, 2025 and the CDRLF did not have any loans in past-due status as of December 31, 2025.

Loans outstanding as of December 31, 2025, are scheduled to be repaid as follows (in thousands):

Year	Amount
2026	\$ -
2027	500
2028	1,500
2029	1,383
2030	500
Loans Outstanding	\$ 3,883
Allowance for Credit Losses	-
Total Loans Receivable, Net	<u>\$ 3,883</u>

5. TECHNICAL ASSISTANCE GRANTS

The CDRLF administers a technical grant assistance program to fulfill its mission to stimulate economic growth in low-income communities. These grants are primarily provided on a reimbursement basis to ensure that grant awards are appropriately used.

Multiyear Funds

In 2025, the CDRLF received a \$3.5 million appropriation from Congress. This multiyear appropriation is available for obligation through September 30, 2026. As of December 31, 2025, the CDRLF obligated \$445.0 thousand and canceled \$112.5 thousand of technical assistance grants awarded from multiyear funds.

The canceled appropriation returned to Treasury was \$308.9 thousand from the FY 2019 appropriation in 2025.

Revolving Fund

As of December 31, 2025, the CDRLF awarded \$67.0 thousand and canceled \$17.1 thousand of technical assistance grants awarded from the revolving fund.

6. CONCENTRATION OF CREDIT RISK

The CDRLF has the authority to provide loans to low-income designated credit unions. At the discretion of the NCUA, participating credit unions can record an awarded loan as a nonmember deposit, which qualifies up to \$250,000 of the loan proceeds to be insured by the National Credit Union Share Insurance Fund. Loan balances that exceed \$250,000 are uninsured and pose a potential credit risk to the CDRLF. The aggregate total of uninsured loans was \$1.3 million as of December 31, 2025.

7. FAIR VALUE MEASUREMENTS

The fair value of an instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following table presents the carrying values and established fair values of the CDRLF's financial instruments as of December 31, 2025 (in thousands):

	2025	
	Carrying Amount	Estimated Fair Value
Assets		
Cash and Cash Equivalents	\$ 20,538	\$ 20,538
Loans Receivable, Net	3,883	3,883
Interest Receivable	10	10
Liabilities		
Accrued Technical Assistance Grants	4,023	4,023

The carrying amounts for cash and cash equivalents; loans receivable, net; interest receivable; and accrued technical assistance grants approximate fair value.

8. RELATED PARTY TRANSACTIONS

The NCUA, through the OF, supports the administration of programs under the CDRLF by paying related personnel costs such as pay and benefits as well as other costs, which include but are not limited to telecommunications, supplies, printing, and postage.

For the year ended December 31, 2025, the NCUA, through the OF, provided the following unreimbursed administrative support to the CDRLF (in thousands):

	2025
Personnel	\$ 1,019
Other	57
Total	<u>\$ 1,076</u>

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 13, 2026, which is the date the financial statements were available to be issued. Management determined there were no significant items to be disclosed as of December 31, 2025.

Other Information (Unaudited)

About the Other Information Section

The Other Information section includes:

Summary of Financial Statement Audit and Management Assurances

The Summary of Financial Statement Audit and Management Assurances provides information about the material weaknesses reported by NCUA or through the audit process. NCUA reported no material weaknesses in 2025.

Management and Performance Challenges

The Management and Performance Challenges is a statement by the NCUA Inspector General summarizing what the Inspector General considers to be the most serious management and performance challenges facing the agency and assessing the agency's progress in addressing those challenges.

Payment Integrity

The Payment Integrity section summarizes NCUA's efforts to maintain payment integrity and to develop effective controls designed to prevent, detect, and recover improper payments. NCUA did not have any high-risk programs in 2025.

Financial Reporting-Related Legislation

The Financial Reporting-Related Legislation section includes NCUA's assessment of any new legislation that could impact the agency's ability to prepare its Annual Report or impact the agency's audit opinion.

Civil Monetary Penalty Adjustment for Inflation

The Civil Monetary Penalty Adjustment for Inflation section reports on NCUA's annual inflation adjustments to civil monetary penalties as required under the Federal Civil Penalties Inflation Adjustment Act Improvement Act of 2015.

Summary of Financial Statement Audits

Summary of the results of the independent audits of the financial statements of NCUA's four funds by the agency's auditors in connection with the 2025 audit.

National Credit Union Share Insurance Fund					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0

Operating Fund					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0

Central Liquidity Facility					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0

Community Development Revolving Loan Fund					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0

Summary of Management Assurances

Summary of management assurances related to the effectiveness of internal control over financial reporting and its conformance with federal financial management system requirements under Sections 2 and 4, respectively, of the Federal Managers’ Financial Integrity Act of 1982.

Effectiveness of Internal Control Over Financial Reporting (FMFIA § 2) (Federal Management Financial Integrity Act Paragraph 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0

Effectiveness of Internal Control Over Operations (FMFIA § 2) (Federal Management Financial Integrity Act Paragraph 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0

Conformance with Federal Financial Management System Requirements (FMFIA § 4) (Federal Management Financial Integrity Act Paragraph 4)						
Statement of Assurance	Unmodified					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Non-Conformances	0	0	0	0	0	0

Management and Performance Challenges

NCUA

Memorandum

OFFICE OF THE INSPECTOR GENERAL

SENT BY EMAIL

DATE: February 24, 2026

TO: The Honorable Kyle S. Hauptman, Chairman

FROM: Acting Inspector General Marta Erceg
Office of the Inspector General*Marta Erceg*

SUBJECT: Top Management and Performance Challenges Facing the National Credit Union Administration for 2026

The Inspector General is required by the Reports Consolidation Act of 2000, 31 U.S.C. § 3516, to provide an annual statement on the top management and performance challenges facing the agency and to briefly assess the agency's progress to address them. We identified the top challenges facing the National Credit Union Administration (NCUA) for 2026 based on our past and ongoing work, our knowledge of the NCUA's programs and operations, and information from the U.S. Government Accountability Office and NCUA management and staff. In determining whether to identify an issue as a challenge, we consider its significance in relation to the NCUA's mission, its susceptibility to fraud, waste, or abuse, and the NCUA's progress in addressing the challenge.

We identified five top challenges facing the NCUA as follows:

1. Balance Sheet Management
2. Redefining Regulatory and Supervisory Approaches
3. Cybersecurity – Protecting Systems and Data
4. Implementation of Artificial Intelligence
5. Agency Realignment

We believe our identification of top challenges will be beneficial and constructive for policy makers, including the NCUA and Congressional oversight bodies. We further hope that it is informative for the credit union industry regarding the NCUA's programs and operations and the challenges it faces.

National Credit Union Administration Office of Inspector General
1775 DUKE STREET | ALEXANDRIA, VA 22314 | 703-518-6350

Top Management and Performance Challenges Facing the National Credit Union
Administration for 2026

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Information on the challenge areas and related Office of Inspector General work products are found in the attachment. If you have any questions, please contact me or Annie Golden, Acting Deputy Inspector General.

Distribution

cc: Executive Director Larry Fazio
Acting Deputy Executive Director Kelly Lay
General Counsel Frank Kressman
Director, Office of External Affairs and Communications Sierra Robinson

Attachment

Top Management and Performance Challenges Facing the National Credit Union Administration for 2026

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INTRODUCTION

Below is a brief overview of the NCUA's organizational structure, its mission, and vision, as well as details on each of the top management challenges the OIG identified for 2026.

Organizational Structure

The NCUA is an independent federal agency that insures deposits at all federal and most state-chartered credit unions and regulates federally chartered credit unions. A presidentially appointed three-member Board oversees the NCUA's operations by setting policy, approving budgets, and adopting rules.

Mission and Vision

The NCUA's mission is to protect the system of cooperative credit and its member-owners through effective chartering, supervision, regulation, and insurance. By doing so, the NCUA strengthens communities and protect consumers by ensuring equitable financial inclusion through a robust, safe, sound, and evolving credit union system. The NCUA protects the safety and soundness of the credit union system by identifying, monitoring and reducing risks to the National Credit Union Share Insurance Fund. Backed by the full faith and credit of the United States, the Share Insurance Fund provides up to \$250,000 of federal share insurance to millions of account holders in all federal credit unions and most state-chartered credit unions.

AGENCY CHALLENGES

Balance Sheet Management

The economic environment is a key determinant of credit union performance. The Federal Reserve's most recent Federal Open Market Committee statement indicated that inflation remains somewhat elevated and that uncertainty about the economic outlook remains elevated.

Consistent with this economic environment, the NCUA identified balance sheet management as one of its supervisory priorities for 2026. It noted that elevated funding costs, asset quality challenges, and structural liquidity constraints affect earnings and balance sheet resilience. It identified sensitivity to market risk, especially interest rate risk, and liquidity risk as key supervisory priorities. As credit unions continue to adjust to a higher-rate environment following an extended period of balance sheet expansion and repricing, those risks remain critical to monitor.

Credit unions must continue to be prudent and proactive in managing interest rate risk and the related risks to capital, asset quality, earnings, and liquidity. This is particularly the case

Top Management and Performance Challenges Facing the National Credit Union Administration for 2026

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for those credit unions whose assets are concentrated in fixed-rate long-term mortgages that originated when interest rates were at record lows. Since April 2022, the NCUA has been using the revised CAMELS rating system that includes the S component (Sensitivity to Market Risk), which we believe has continued to help the agency focus on these risks to ensure they remain within safe and sound policy limits.

The NCUA also identified lending as a supervisory focus because loan performance has declined within federally insured credit union portfolios. We agree with the agency's focus on credit union lending and related risk-management practices, including reviewing the sufficiency of credit administration, portfolio monitoring, and assessing third-party risk management practices as appropriate.

The NCUA Central Liquidity Facility (CLF) improves general financial stability by providing credit unions with a source of loans to meet their liquidity needs and thereby encourage savings, support consumer and mortgage lending, and provide basic financial resources to all segments of the economy. Although the OIG's 2025 OIG audit on the NCUA CLF determined that the CLF was being utilized as evidenced by growth in CLF membership, the NCUA should continue to monitor activities to ensure resiliency as economic factors continue to change and may result in reduced liquidity and or system stress. This protection safeguards credit unions in times when liquidity needs threaten to disrupt credit unions' ability to provide basic financial resources to their members.

Redefining Regulatory and Supervisory Approaches

The NCUA's mission is to protect the safety and soundness of the credit union system by identifying, monitoring and reducing risks to the National Credit Union Share Insurance Fund. Key to that mission is the agency's risk-focused examination and supervision program to improve efficiency, prioritize material risks, and reduce unnecessary regulatory or administrative burden. The NCUA has proposed changing or removing regulations that are obsolete, duplicative of statutory requirements, intended to serve as guidance, not requirements, or overly burdensome, to align with Executive Order 14192, Unleashing Prosperity through Deregulation.

As far as new regulations, the NCUA will issue a new regulation to implement the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act, which requires financial regulators to issue implementing regulations for financial institutions' participation in the stablecoin market. The OIG's 2026 Work Plan identifies audits addressing these new developments, such as the NCUA's strategies related to crypto-asset risk.

In 2024, the OIG conducted an audit that determined that the NCUA was effective in establishing examination hours and had safeguards in place while appropriately managing

Top Management and Performance Challenges Facing the National Credit Union Administration for 2026

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examination burden on credit unions. With the recent changes to examination scheduling and the reduction in NCUA examiners, the agency should monitor risk exposures to determine if a credit union's condition warrants more frequent examinations or supervision contacts.

As the NCUA seeks to increase the efficiency of examinations and reduce the burden on credit unions, and as credit unions pursue new technologies, the NCUA should ensure that examinations are at the right level to safeguard credit unions and determine how credit unions may engage in financial and technological innovation while ensuring that member deposits and the Share Insurance Fund are protected.

Cybersecurity – Protecting Systems and Data

Cybersecurity risks continue to remain a significant, persistent, and ever-changing threat to the financial sector. Credit unions' growing reliance on increasingly complex technology-related operating environments exposes the credit union system to escalating cyberattacks. Cyberattacks can affect the safety and soundness of credit unions and lead to their failure, thus causing losses to the NCUA's Share Insurance Fund. The prevalence of malware, ransomware, distributed denial of service attacks, and other forms of cyberattacks have caused challenges at credit unions of all sizes. Credit unions must continually evolve and adapt to counter these threats effectively, particularly because cyberattacks are likely to continue, and even accelerate, in the years ahead.

For 2026, the NCUA should continue to prioritize this area as a key examination focus and continue to assess whether credit unions have implemented robust information security programs to safeguard both members and the credit unions themselves. The NCUA should remain focused on advancing consistency, transparency, and accountability within its information technology and cybersecurity examination program. NCUA's supervisory priority of operational risk management related to payment systems identifies the growing number of cybersecurity breaches targeting payment systems.

The NCUA provided the Automated Cybersecurity Evaluation Toolbox (ACET) to credit unions to conduct a maturity assessment that measures their cybersecurity preparedness and identifies opportunities for improvement. In addition to encouraging credit unions to use ACET, the NCUA should continue to encourage credit unions to access the NCUA's cybersecurity resources webpage for cybersecurity information and resources.

The NCUA itself also should manage cybersecurity threats that could affect its ability to operate. The OIG's 2026 Annual Work Plan includes two audits to address cybersecurity-related issues. One will assess the agency's ransomware readiness and the other will determine whether the NCUA's information security examination program adequately assessed credit unions' information security and cybersecurity programs.

Top Management and Performance Challenges Facing the National Credit Union Administration for 2026

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Implementation of Artificial Intelligence

The NCUA and other government agencies face the challenge of benefiting from the use of artificial intelligence (AI) while also addressing its risks. To reduce costs and improve efficiencies, a growing number of financial firms are using AI for tasks such as fraud prevention, customer service, and credit underwriting. However, the use of AI also introduces potential risks such as safety and soundness and consumer compliance risk. The Financial Stability Oversight Council, of which the NCUA Chairman is a member, recommends monitoring the rapid developments in AI, including generative AI, to ensure that oversight structures keep up with or stay ahead of emerging risks to the financial system while facilitating efficiency and innovation. To support this effort, the Council recommends financial institutions, market participants, and regulatory and supervisory authorities further build expertise and capacity to monitor AI innovation and usage and identify emerging risks. On January 22, 2025, NCUA Chairman Hauptman announced among his priorities promoting the appropriate use of AI as a tool for NCUA employees to enhance productivity and noting that regulators who use AI technologies are more apt to understand why regulated entities use them.

The NCUA is uniquely positioned to support or hinder innovative financial technologies in the credit union sector through fostering an environment that enables access to financial services and responsible innovation, which could include the use of AI by credit unions. To do so, the NCUA should continue to identify emerging trends, support the safe adoption of new technologies, and reduce unnecessary burdensome barriers to chartering, expansion, and service delivery while protecting the Share Insurance Fund and members.

In its September 2025 Artificial Intelligence Compliance Plan, the NCUA indicated it would focus on identifying AI tools of greatest utility to help the agency effectively and efficiently achieve its mission. NCUA must continue its efforts to manage the use of AI as required by the AI in Government Act of 2020 and Office of Management and Budget (OMB) Memorandum M-25-21, Accelerating Federal Use of AI through Innovation, Governance, and Public Trust. The NCUA should consider whether there are issues limiting the use of AI, such as an insufficient number of employees with specialized AI skills, concerns about risk management and data privacy, limited transparency from vendors on how they use AI, the cost of new technology, and the reliability of AI tools.

Prior to this, Executive Order 13960, Promoting the Use of Trustworthy Artificial Intelligence in the Federal Government (December 2020), recognized the broad applicability of AI to be used by agencies to improve operations, processes, and procedures, meet strategic goals, reduce costs, enhance oversight of the use of taxpayer funds, increase safety, train workforces, and support decision making. Agencies are encouraged to use AI appropriately to foster and maintain public trust and confidence. In July 2025, America's AI Action Plan was issued, which identified a need to accelerate AI innovation.

Top Management and Performance Challenges Facing the National Credit Union Administration for 2026

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In February 2026, the NCUA issued an instruction with its AI policy that governs the use of AI and ensures AI technologies are used to improve the agency's regulatory activities, service delivery, and decision-making while maintaining public trust and upholding privacy, accessibility, and security standards.

The 2026 OIG Work Plan includes an audit on AI implementation.

Agency Realignment

The NCUA must maintain strong internal capabilities and performance to effectively carry out its statutory responsibilities. To do this, the NCUA should optimize enterprise systems and technology, align organizational structures with core responsibilities, and strengthen workforce capabilities to improve accountability, execution, and results.

Through the voluntary separation program, the agency reduced the number of employees by approximately 23 percent. The NCUA is redefining operations by simplifying policies, refining processes, aligning staff with strategic priorities, and modernizing tools and technologies to enable operational effectiveness and resources to meet statutory responsibilities. With the reduced workforce, the agency should continue to manage its exposure to risk and prioritize strengthening capabilities to continue to meet its mission.

The OIG's 2026 Work Plan identified proposed and mandated audits that evaluate the agency's abilities to support its mission effectively and manage its internal operations. Currently, the OIG is auditing the NCUA's enterprise risk management risk profiles, which address the NCUA's approach to analyzing risk to achieve its strategic objectives and options for addressing significant risks at the enterprise-level.

During this time of change, agency should focus on its operations to support the NCUA mission to enable access to financial services by facilitating safe, sound, and resilient credit unions.

Payment Integrity

The Payment Integrity Information Act of 2019 (PIIA) requires agencies to review all programs and activities they administer, identify those that may be susceptible to significant improper payments, evaluate the extent to which improper payments occur and, if necessary, recover those improper payments. For all programs and activities in which the risk of improper payments is significant, agencies are to estimate the annual amount of improper payments made in those programs.

In accordance with OMB guidance, NCUA conducts risk assessments every three years to identify programs that may have a significant risk of improper payments. NCUA's risk assessments have consistently indicated that none of the agency's programs are susceptible to significant improper payments. The agency's last risk assessment was conducted in 2023, and the results continued to support the determination that all NCUA programs are low risk. The next risk assessment is scheduled for completion in 2026.

Due to the size of our agency and our low-risk status for improper payments, NCUA has determined that performing recovery audits is not cost effective. The benefits of any recovered amounts would not exceed the cost of a recovery audit program. However, to provide sound oversight and improve controls over disbursements, NCUA executes an improper payments continuous monitoring program over payroll, vendor, travel and purchase card payments. Additionally, NCUA's shared service provider utilizes Treasury's Do Not Pay Working System to help prevent and reduce improper payments in a cost-effective manner.

Each executive branch agency must complete the annual data call issued by OMB to provide information related to its respective payment integrity actions. NCUA has published its payment integrity information in accordance with OMB guidance on [PaymentAccuracy.gov](https://www.paymentaccuracy.gov).

On April 1, 2025, our Office of Inspector General published their report on NCUA's compliance with reporting requirements for improper payments. The report concluded that we were in compliance, and there were no recommendations.

Financial Reporting-Related Legislation

OMB Circular No. A-136 requires significant reporting entities and components to report all agency-specific legislative provisions enacted in the prior or current year that address agency-specific financial accounting, reporting, or auditing issues. NCUA's financial accounting, reporting, and audit were not impacted by agency-specific legislative provisions enacted in 2025 or 2024.

Civil Monetary Penalty Adjustment for Inflation

The Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, requires agencies to make regular and consistent inflationary adjustments of civil monetary penalties to improve effectiveness and to maintain their deterrent effect. Additional information about these penalties and the latest adjustment is available in the [Federal Register](#).

Statistical Data (Unaudited)

About the Statistical Data Section

NCUA compiles and releases quarterly data on the credit union system's financial performance, merger activity, changes in credit union chartering and fields of membership, as well as broader economic trends affecting credit unions. This section contains an overview of the credit union system's financial performance. Users can find information on a single credit union or analyze broader nation-wide trends on [NCUA.gov](https://www.ncua.gov).

National Credit Union Share Insurance Fund Ten-Year Trends

Fiscal year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Income (In Thousands)										
Premium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment	\$ 227,172	\$ 209,136	\$ 284,716	\$ 306,467	\$ 272,005	\$ 236,781	\$ 286,795	\$ 431,707	\$ 564,952	\$ 632,097
Other income	\$ 2,463	\$ 487,103	\$ 18,158	\$ 13,768	\$ 10,648	\$ 3,965	\$ 685	\$ 235	\$ 521	\$ 1,302
Total Income	\$ 229,635	\$ 696,239	\$ 302,874	\$ 320,235	\$ 282,653	\$ 240,746	\$ 287,480	\$ 431,942	\$ 565,473	\$ 633,399
Expenses (In Thousands)										
Operating	209,260	199,015	187,395	191,164	181,100	199,231	208,194	234,421	247,194	252,513
Insurance losses	7,870	726,295	113,826	(40,595)	68,688	(143,014)	(39,518)	(12,202)	13,160	4,888
Total expenses	217,130	925,310	301,221	150,569	249,788	56,217	168,826	222,228	260,354	257,401
Net income (in thousands)	\$ 12,505	\$ (229,071)	\$ 1,653	\$ 169,666	\$ 32,865	\$ 184,529	\$ 118,654	\$ 209,714	\$ 305,119	\$ 375,998
Data Highlights										
Total Equity (in millions)	12,742	15,853	15,905	16,596	18,432	20,589	21,841	22,369	23,044	24,143
Equity as a percentage of shares in insured credit unions	1.24%	1.46%	1.39%	1.35%	1.26%	1.26%	1.30%	1.30%	1.30%	1.30%
NCUSIF loss per \$1,000 of insured shares	\$ 0.01	\$ 0.67	\$ (0.10)	\$ 0.03	\$ 0.05	\$ (0.09)	\$ (0.02)	\$ (0.01)	\$ 0.01	\$ 0.00
Operating Ratios										
Premium Income	-	-	-	-	-	-	-	-	-	-
Investment Income	98.9%	30.0%	94.0%	95.7%	96.2%	98.4%	99.8%	99.9%	99.9%	99.8%
Other Income:	1.1%	70.0%	6.0%	4.3%	3.8%	1.6%	0.2%	0.1%	0.1%	0.2%
Operating Expenses	91.1%	28.6%	61.9%	59.7%	64.1%	82.8%	72.4%	54.3%	43.7%	39.9%
Insurance Losses (Gain)	3.4%	104.3%	37.6%	-12.7%	24.3%	-59.4%	-13.7%	-2.8%	2.3%	0.8%
Total Expenses (neg expense)	94.5%	132.9%	99.5%	47.0%	88.4%	23.4%	58.7%	51.4%	46.0%	40.6%
Net Income	5.4%	-32.9%	0.5%	53.0%	11.6%	76.6%	41.3%	48.6%	54.0%	59.4%
Involuntary Liquidations Commenced										
Number	11	5	7	1	-	4	4	1	-	5
Share payouts (in thousands)	10,163	159,841	1,407,357	61,761	-	8,107	11,063	2,693	329	73,204
Share payouts as a percentage of total insured shares	0.001%	0.015%	0.123%	0.005%	0.000%	0.001%	0.001%	0.000%	0.000%	0.004%
Shares in liquidated credit unions (in thousands)	8,240	162,783	1,454,234	17,683	-	12,290	12,009	700	-	85,502
Mergers										
Assisted	3	5	1	1	0	3	2	2	2	1
Unassisted	207	201	174	137	122	142	162	143	138	161
Section 208 (FCU Act) Assistance to Avoid Liquidation (In Thousands)										
Capital notes and other cash advance outstanding	-	-	-	-	-	-	-	-	-	787
Non-cash guarantee accounts	-	1,104,500	-	1,252	4,152,100	-	1,395	600	0	109,139
Number of active cases	1	3	-	2	1	-	3	2	-	11
Number of Troubled, Insured Credit Unions (CAMELS 4 & 5)										
Number	196	196	194	188	155	129	122	125	135	115
Shares (millions)	8,586	8,665	10,441	9,629	9,913	8,041	4,961	4,941	16,268	11,775
Problem case shares as a percentage of insured shares	0.83%	0.80%	0.92%	0.79%	0.61%	0.49%	0.29%	0.28%	0.91%	0.66%

Values rounded from underlying data.

Credit Union Performance Five-Year Trends

Date	Units	Same quarter as current, previous years					Most recent four quarters				Most Recent	
		2020.4	2021.4	2022.4	2023.4	2024.4	2025.1	2025.2	2025.3	2025.4	4 Quarter % change	4 Quarter change
Summary Credit Union Data												
Federally insured credit unions												
Federally insured credit unions	Number	5,099	4,942	4,760	4,604	4,455	4,411	4,370	4,331	4,287	-3.8	-168
Federal credit unions	Number	3,185	3,100	2,980	2,880	2,794	2,766	2,740	2,715	2,686	-3.9	-108
Federally insured, state-chartered credit unions	Number	1,914	1,842	1,780	1,724	1,661	1,645	1,630	1,616	1,601	-3.6	-60
Credit unions with low-income designation	Number	2,642	2,627	2,612	2,483	2,425	2,423	2,397	2,392	2,390	-1.4	-35
Number of members	Millions	124.3	129.5	135.2	139.3	142.3	143.2	143.8	144.8	144.7	1.7	2.4
Number of deposits	Millions	240.9	251.1	262.8	276.8	285.3	287.7	289.7	291.7	293.0	2.7	7.7
Number of loans outstanding	Millions	71.9	77.9	87.9	89.4	89.3	88.4	88.8	89.0	88.7	-0.7	-0.6
Total assets	\$ Billions	1,844.5	2,060.3	2,167.7	2,255.7	2,307.4	2,367.2	2,379.0	2,397.8	2,433.1	5.4	126
Total assets, four quarter growth	Percent	17.7	11.7	5.2	4.1	2.3	2.6	3.6	3.7	5.4		3.2
Total loans	\$ Billions	1,162.6	1,255.2	1,506.6	1,602.8	1,645.2	1,653.7	1,681.2	1,702.7	1,721.1	4.6	76
Total loans, four quarter growth	Percent	4.9	8.0	20.0	6.4	2.6	3.3	3.9	4.4	4.6		2.0
Average outstanding loan balance	\$	16,179	16,119	17,145	17,921	18,413	18,699	18,929	19,132	19,397	5.3	984
Total deposits	\$ Billions	1,587.6	1,788.6	1,849.9	1,881.1	1,959.2	2,020.5	2,022.0	2,033.7	2,067.6	5.5	108
Total deposits, four quarter growth	Percent	20.3	12.7	3.4	1.7	4.2	4.5	5.0	5.1	5.5		1.4
Average deposit balance	\$	12,773	13,809	13,681	13,509	13,766	14,106	14,064	14,047	14,288	3.8	522
Insured shares and deposits	\$ Billions	1,466.7	1,632.0	1,683.2	1,720.0	1,778.2	1,831.8	1,829.8	1,835.1	1,861.3	4.7	83
Insured shares and deposits, four quarter growth	Percent	19.8	11.3	3.1	2.2	3.4	3.6	4.1	4.3	4.7		1.3
Key Ratios												
Net worth ratio ¹	Percent	10.32	10.26	10.74	10.69	11.07	10.95	11.11	11.24	11.26		0.20
Return on average assets	Percent	0.70	1.07	0.88	0.68	0.63	0.67	0.76	0.81	0.79		0.17
Loan to share ratio	Percent	73.23	70.18	81.44	85.21	83.97	81.85	83.15	83.73	83.24		-0.73
Median credit union average cost of funds	Percent	0.37	0.24	0.24	0.67	1.07	1.06	1.08	1.09	1.12		0.04
Median credit union average yield on loans	Percent	5.10	4.84	4.69	5.29	5.89	6.04	6.09	6.15	6.21		0.33
Median credit union net interest margin	Percent	2.94	2.53	2.73	3.24	3.51	3.57	3.65	3.72	3.73		0.22
Median credit union return on average assets	Percent	0.39	0.50	0.50	0.60	0.61	0.62	0.71	0.76	0.72		0.11
Lending (Year-to-Date, Annual Rate)												
Loans granted	\$ Billions	672.2	788.9	762.7	547.8	525.0	532.2	582.3	602.0	604.7	15.2	80
Real estate loans (excludes commercial)	\$ Billions	.	.	252.4	162.3	174.4	163.0	191.9	204.4	210.6	20.8	36
Real estate, fixed rate, first mortgage (excludes commercial)	\$ Billions	.	.	148.9	72.4	78.9	69.0	86.3	92.9	96.6	22.3	18
Commercial loans (granted or purchased)	\$ Billions	33.4	46.5	57.6	35.7	37.5	41.1	45.0	45.7	47.8	27.4	10
Payday alternative loans (Federal Credit Unions only)	\$ Millions	157.3	168.0	227.1	271.1	310.3	293.2	311.4	311.3	328.7	6.0	18
Delinquency												
Delinquent loans	\$ Billions	7.0	6.1	9.3	13.3	16.0	13.2	15.2	16.1	17.7	10.1	1.62
Total delinquency rate	Percent	0.60	0.49	0.61	0.83	0.98	0.80	0.91	0.95	1.03		0.05
Non-commercial real estate delinquency rate	Percent	.	.	0.43	0.57	0.79	0.54	0.74	0.78	0.88		0.10
Non-commercial real estate first mortgage delinquency rate	Percent	.	.	0.44	0.56	0.79	0.50	0.74	0.77	0.89		0.10
Auto delinquency rate	Percent	0.50	0.42	0.67	0.90	0.96	0.79	0.82	0.87	0.96		-0.00
Credit card delinquency rate	Percent	1.02	0.96	1.48	2.11	2.16	2.01	1.93	2.04	2.15		-0.01
Non-commercial loan delinquency rate	Percent	.	.	0.64	0.85	0.99	0.78	0.89	0.93	1.03		0.04
Commercial loan delinquency rate	Percent	0.69	0.44	0.33	0.61	0.85	0.93	1.05	1.09	0.98		0.13
Net charge-offs	\$ Billions	5.1	3.2	4.7	9.5	13.0	13.6	13.1	12.9	13.2	1.2	0.15
Net charge offs, percent of average loans	Percent	0.45	0.26	0.34	0.61	0.80	0.82	0.79	0.77	0.78		-0.02
Asset Distribution												
25% of credit unions are smaller than	\$ Millions	11.5	12.8	13.8	14.1	14.8	15.2	15.7	15.7	16.0	7.8	1.16
50% of credit unions are smaller than	\$ Millions	43.4	49.4	53.5	55.9	59.3	61.4	62.4	63.6	64.9	9.5	5.61
75% of credit unions are smaller than	\$ Millions	166.9	192.5	211.3	225.4	242.2	251.8	255.1	259.3	265.5	9.6	23.35
90% of credit unions are smaller than	\$ Millions	688.1	798.6	875.7	934.2	995.6	1,033.1	1,053.6	1,079.5	1,096.2	10.1	100.62

¹Quarters 2023q1 and later: Excludes the CECL transition provision (Account NW0004)

Date	Units	Same quarter as current, previous years					Most recent four quarters				Most Recent	
		2020.4	2021.4	2022.4	2023.4	2024.4	2025.1	2025.2	2025.3	2025.4	4 Quarter % change	4 Quarter change
Income and Expense (Year-to-date, Annual Rate)												
Federally insured credit unions												
Gross income	\$ Billions	83.8	85.6	95.3	122.9	141.8	143.1	146.9	149.4	150.3	6.0	8.54
Total interest income	\$ Billions	60.2	59.0	71.5	98.1	115.2	118.5	120.9	122.7	123.6	7.3	8.39
Gross interest income	\$ Billions	53.8	53.4	61.5	81.8	94.9	98.8	100.3	101.9	102.8	8.3	7.84
Less interest refunds	\$ Billions	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	15.3	0.01
Investment income	\$ Billions	6.1	5.6	10.0	16.3	20.2	19.6	20.5	20.8	20.8	2.7	0.54
Other interest income ¹	\$ Billions	.	.	0.0	0.1	0.1	0.1	0.1	0.1	0.1	13.6	0.01
Total non-interest income	\$ Billions	23.6	26.6	23.8	24.8	26.6	24.6	26.0	26.7	26.8	0.6	0.15
Fee income	\$ Billions	8.1	9.0	9.6	9.7	10.1	9.5	9.6	9.9	10.0	-0.2	-0.02
Other income ²	\$ Billions	14.4	16.3	13.8	13.9	14.0	14.1	14.5	14.7	14.8	5.5	0.77
Gains, losses, and other non-interest income ³	\$ Billions	1.0	1.3	0.4	1.3	2.6	1.0	1.9	2.1	2.0	-23.0	-0.59
Total expense (with provision for loan and lease losses or credit loss expense)	\$ Billions	71.8	64.7	76.6	108.0	127.5	127.4	129.2	130.3	131.5	3.2	4.04
Non-interest expense	\$ Billions	51.3	55.1	60.2	65.2	69.2	71.5	72.5	73.2	74.0	6.8	4.72
Employee compensation and benefits	\$ Billions	26.8	28.6	31.1	33.8	36.1	37.7	38.1	38.4	38.7	7.2	2.59
Office expense	\$ Billions	12.7	13.6	14.5	15.7	16.6	17.2	17.3	17.5	17.6	6.2	1.03
Loan servicing expense	\$ Billions	3.4	3.8	4.2	4.4	4.5	4.5	4.7	4.7	4.8	6.5	0.29
Other non-interest expense	\$ Billions	8.3	9.1	10.4	11.4	12.0	12.0	12.4	12.5	12.9	6.8	0.81
Total interest expense	\$ Billions	12.0	8.4	10.9	31.4	44.0	42.8	43.0	43.2	43.2	-1.8	-0.77
Interest on borrowed money	\$ Billions	1.2	0.9	2.1	5.8	6.4	4.7	4.9	4.9	4.7	-25.6	-1.63
Share dividends	\$ Billions	9.5	6.7	7.9	22.4	32.3	32.9	33.0	33.1	33.2	2.7	0.89
Interest on deposits	\$ Billions	1.3	0.9	0.9	3.3	5.3	5.2	5.2	5.2	5.2	-0.6	-0.03
Provision for loan and lease losses or credit loss expense	\$ Billions	8.5	1.2	5.5	11.3	14.3	13.1	13.7	13.9	14.4	0.7	0.09
Net income	\$ Billions	11.9	20.8	18.7	14.9	14.3	15.7	17.7	19.1	18.8	31.5	4.50
Net income, percent of average assets	Percent	0.70	1.07	0.88	0.68	0.63	0.67	0.76	0.81	0.79		0.17
Net interest margin	\$ Billions	48.1	50.6	60.6	66.6	71.2	75.6	77.8	79.5	80.4	12.9	9.16
Net interest margin, percent of average assets	Percent	2.82	2.59	2.86	3.01	3.12	3.24	3.32	3.38	3.39		0.27
Average assets	\$ Billions	1,705.6	1,952.4	2,114.0	2,211.7	2,281.5	2,337.3	2,343.2	2,352.6	2,370.3	3.9	88.72

¹ Account IS0005

² Quarters 2021q1 and later: Account IS0020. Quarters before 2021q1: Account 659.

³ Other non-interest income: Account 440

Date	Units	Same quarter as current, previous years					Most recent four quarters				Most Recent	
		2020.4	2021.4	2022.4	2023.4	2024.4	2025.1	2025.2	2025.3	2025.4	4 Quarter % change	4 Quarter change
Balance Sheet												
Federally insured credit unions												
Total assets	\$ Billions	1,844.5	2,060.3	2,167.7	2,255.7	2,307.4	2,367.2	2,379.0	2,397.8	2,433.1	5.4	125.72
Cash	\$ Billions	232.8	255.0	130.3	160.4	180.3	215.9	192.0	183.7	198.4	10.1	18.15
Cash on hand	\$ Billions	23.4	18.5	26.2	26.9	26.6	22.4	22.4	22.2	29.7	12.0	3.17
Deposits: All other deposits ¹	.	.	0.3	0.3	0.3	0.3	0.3	0.2	0.3	19.7	0.05	-0.06
Investments												
Total investments	\$ Billions	361.5	457.4	435.6	397.2	381.8	391.1	396.9	400.7	401.6	5.2	19.78
Investments less than or equal to 1 year	\$ Billions	106.7	98.1	89.9	98.3	100.8	101.1	101.4	101.9	103.6	2.8	2.82
Investments 1-3 years	\$ Billions	113.7	115.8	114.6	106.9	103.2	105.7	105.6	106.2	103.8	0.6	0.62
Investments 3-10 years	\$ Billions	128.1	225.2	210.0	170.7	161.3	166.0	172.4	175.5	175.9	9.0	14.51
Investments 3-5 years	\$ Billions	74.2	127.3	94.6	75.3	76.6	80.6	86.4	90.0	89.7	17.1	13.10
Investments 5-10 years	\$ Billions	53.9	97.9	115.4	95.4	84.8	85.5	86.0	85.5	86.2	1.7	1.41
Investments more than 10 years	\$ Billions	13.0	18.3	21.1	21.2	16.5	18.3	17.4	17.0	18.3	11.1	1.83
Allowance for credit losses on held-to-maturity debt securities ²	\$ Billions	.	.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-4.1	0.00
Total loans	\$ Billions	1,162.6	1,255.2	1,506.6	1,602.8	1,645.2	1,653.7	1,681.2	1,702.7	1,721.1	4.6	75.91
Loans secured by 1-4 family residential properties	\$ Billions	511.1	550.9	659.7	708.2	748.6	756.8	773.4	789.6	804.1	7.4	55.49
Secured by first lien	\$ Billions	435.1	475.4	554.5	577.1	594.2	597.9	607.8	617.1	625.9	5.3	31.71
Secured by junior lien	\$ Billions	76.0	75.6	105.2	131.1	154.4	158.9	165.6	172.5	178.2	15.4	23.78
All other real estate loans	\$ Billions	2.5	2.3	1.9	1.9	2.0	2.0	2.1	2.3	2.3	15.9	0.32
Credit cards	\$ Billions	61.8	64.2	74.2	82.0	85.2	83.8	85.1	86.0	87.8	3.1	2.64
Auto loans	\$ Billions	380.0	404.5	485.5	498.0	481.4	479.9	483.4	482.3	480.1	-0.3	-1.25
New autos	\$ Billions	142.1	142.0	173.4	175.4	164.3	162.0	162.5	161.4	160.4	-2.3	-3.82
Used autos	\$ Billions	238.0	262.5	312.1	322.6	317.1	317.9	320.9	320.9	319.7	0.8	2.57
Non-federally guaranteed student loans	\$ Billions	5.97	6.54	7.47	7.31	6.95	6.92	6.68	6.66	6.55	-5.9	-0.41
Commercial loans (excludes unfunded commitments)	\$ Billions	94.3	111.7	139.0	157.2	174.0	178.1	183.2	188.1	192.9	10.9	18.95
Secured by real estate	\$ Billions	86.6	103.2	128.6	145.5	161.2	165.4	170.0	174.7	179.0	11.0	17.78
Not secured by real estate	\$ Billions	7.7	8.5	10.4	11.7	12.8	12.7	13.2	13.4	14.0	9.1	1.17
Other loans	\$ Billions	106.9	115.1	138.8	148.2	147.0	146.1	147.3	147.7	147.2	0.1	0.18
Unfunded commitments for commercial loans	\$ Billions	8.1	10.6	14.5	14.5	13.6	13.7	14.1	13.9	14.2	4.4	0.59
Other assets	\$ Billions	87.6	92.7	94.8	95.0	99.9	106.2	108.6	110.4	111.7	11.8	11.83
Total liabilities and net worth	\$ Billions	1,844.5	2,060.3	2,167.7	2,255.7	2,307.4	2,367.2	2,379.0	2,397.8	2,433.1	5.4	125.72
Total deposits	\$ Billions	1,587.6	1,788.6	1,849.9	1,881.1	1,959.2	2,020.5	2,022.0	2,033.7	2,067.6	5.5	108.36
Share drafts	\$ Billions	291.5	367.1	382.1	369.5	378.5	397.8	390.8	391.0	406.5	7.4	27.92
Regular shares	\$ Billions	568.1	655.9	656.8	569.1	555.5	575.8	573.0	566.7	569.8	2.6	14.32
Other deposits	\$ Billions	728.0	765.6	811.0	942.5	1,025.2	1,046.8	1,058.3	1,076.0	1,091.3	6.4	66.12
Money market accounts	\$ Billions	341.9	407.3	394.6	331.7	338.4	350.7	354.5	359.4	367.5	8.6	29.11
Share certificate accounts	\$ Billions	276.0	247.6	296.8	483.9	561.2	571.0	577.2	589.5	597.6	6.5	36.34
IRA/Keogh accounts	\$ Billions	83.9	83.2	82.4	84.8	86.8	87.2	88.0	88.2	87.9	1.3	1.10
Non-member deposits	\$ Billions	11.7	11.3	21.5	27.6	26.3	24.8	24.7	25.1	25.1	-4.6	-1.21
All other shares	\$ Billions	14.6	16.2	15.8	14.5	12.5	13.1	13.8	13.9	13.2	6.1	0.77
Net worth ³	\$ Billions	190.4	211.6	232.7	241.1	255.3	259.3	264.2	269.6	274.0	7.3	18.72
Net worth, percent of assets ³	Percent	10.32	10.26	10.74	10.69	11.07	10.95	11.11	11.24	11.26		0.20
Addenda												
Real estate loans	\$ Billions	600.2	656.4	790.2	855.6	911.8	924.2	945.5	966.6	985.4	8.1	74
Real estate fixed rate, first mortgage (excludes commercial)	\$ Billions	.	.	470.8	475.6	478.5	479.0	483.5	489.1	493.6	3.2	15
Business loans												
Net member business loan balance for regulatory reporting, Part 723 ⁴	\$ Billions	90.1	107.1	133.2	150.7	164.7	168.3	173.0	177.1	181.5	10.2	17

¹ Account AS0008

² Account AS0041. Quarters 2022q1-2023q2: Allowance for credit losses on investments.

³ Quarters 2023q1 and later: Excludes the CECL transition provision (Account NW0004)

⁴ Account 400A

Summary of Performance for Federally Insured Credit Unions

	Federal Credit Unions	Federally Insured State-Chartered Credit Unions	Small Credit Unions (Assets less than \$100 million)	Complex Credit Unions (Assets greater than \$500 million)	Credit Unions with Low-Income Designation in 2025Q4	Credit Unions with Minority Depository Institution Designation in 2025Q4 ²
Current Quarter: 2025Q4						
Number of credit unions	2,686	1,601	2,514	739	2,390	450
Number of members (millions)	78.9	65.8	6.6	122.2	80.7	7.0
Total assets (\$ billions)	1,263.2	1,170.0	75.6	2,118.7	1,317.3	100.6
Total loans (\$ billions)	879.1	842.0	39.6	1,529.7	955.5	68.4
Total deposits (\$ billions)	1,070.9	996.7	64.5	1,796.4	1,117.6	86.0
Key ratios (percent)						
Return on average assets	0.81	0.77	0.75	0.80	0.80	0.71
Net worth ratio ¹	11.33	11.19	14.17	11.08	11.16	12.06
Loan to share ratio	82.1	84.5	61.4	85.2	85.5	79.6
Net interest margin (median)	3.75	3.70	3.92	3.40	3.83	3.92
Cost of funds / average assets (median)	1.01	1.25	0.80	1.69	1.11	0.65
Delinquency rate	1.16	0.89	1.08	1.04	0.97	1.11
Net charge-offs to average loans	0.96	0.60	0.46	0.82	0.68	0.79
Growth from a year earlier (percent)						
Shares (total deposits)	7.5	3.5	-4.8	6.7	6.9	6.3
Total loans	5.6	3.7	-7.4	5.6	6.2	6.5
Total assets	7.3	3.6	-4.2	6.5	6.9	6.2
Members	3.2	-0.1	-8.0	3.0	2.4	1.7
Net worth ¹	9.2	5.3	-0.8	8.3	8.6	6.4
Historical Data (same quarter)						
Return on average assets (percent)						
2025	0.81	0.77	0.75	0.80	0.80	0.71
2024	0.66	0.59	0.66	0.63	0.63	0.61
2023	0.68	0.67	0.67	0.68	0.71	0.75
2022	0.89	0.87	0.51	0.93	0.90	0.90
2021	1.11	1.02	0.50	1.15	1.07	0.97
Net worth ratio (percent)¹						
2025	11.33	11.19	14.17	11.08	11.16	12.06
2024	11.13	11.00	13.68	10.89	10.98	12.04
2023	10.79	10.58	12.96	10.52	10.64	11.50
2022	10.96	10.52	12.02	10.67	10.61	11.63
2021	10.44	10.08	11.55	10.20	10.15	10.18
Loan to Share Ratio (percent)						
2025	82.09	84.48	61.36	85.15	85.50	79.56
2024	83.61	84.34	63.07	86.02	86.09	79.40
2023	84.77	85.65	64.12	87.35	87.47	80.33
2022	81.28	81.61	58.82	83.91	84.36	74.69
2021	70.74	69.62	53.08	72.04	72.83	62.96

¹ Quarters 2023q1 and later: Excludes the CECL transition provision (Account NW0004)

² The number of MDIs reported may reflect an undercount. See Notes to Users: Changes to Quarterly Credit Union Data Summary for pertinent information.

Appendix

NCUA Board Members

Chairman Kyle S. Hauptman



Kyle S. Hauptman was designated as the thirteenth Chairman of the NCUA Board by President Donald J. Trump on January 20, 2025. Mr. Hauptman was first nominated by President Trump to serve on the NCUA Board on June 15, 2020. In December 2020, the Senate confirmed him and he was sworn in as a member of the Board. Before his designation as Chairman, Mr. Hauptman served as Vice Chairman of the NCUA between December 18, 2020 and January 20, 2025.

Before joining the NCUA Board, Mr. Hauptman served as Senator Tom Cotton's (R-AR) advisor on economic policy, as well as Staff Director of the Senate Banking Committee's Subcommittee on Economic Policy. Mr. Hauptman served on President Trump's transition team in 2016.

Previously, Mr. Hauptman was Senior Vice President at Jefferies & Co. He worked at Lehman Brothers as a bond trader in New York City as well as in their international offices in Tokyo and Sydney. Mr. Hauptman served as a voting member on the U.S. Securities and Exchange Commission Advisory Committee on Small and Emerging Companies.

Mr. Hauptman holds a Master's in Business Administration from Columbia Business School and a Bachelor of Arts from University of California, Los Angeles.

Senior Staff Reporting to the NCUA Chairman

Sarah Bang
NCUA Chief of Staff and Senior Advisor to
Chairman Hauptman

Sierra Robinson
Director, Office of External Affairs
and Communications

Nate Kreoger
NCUA Deputy Chief of Staff

Senior Staff Reporting to the NCUA Board

Larry Fazio
Executive Director

Marta Erceg
Acting Inspector General

Kelly Lay
Acting Deputy Executive Director

Katherine Easmunt
Chief Ethics Counsel

Frank Kressman
General Counsel

Melane Conyers-Ausbrooks
Acting Director, Office of Minority and
Women Inclusion

NCUA Offices and Regions

Office of Minority and Women Inclusion

In compliance with Section 342 of the Dodd Frank Wall Street Reform and Consumer Protection Act of 2010, the Office of Minority and Women Inclusion is responsible for all matters of the agency relating to diversity in management, employment, and business activities. The office develops standards for (a) equal employment opportunity and the racial, ethnic, and gender diversity of the workforce and senior management of the agency; (b) increased participation of minority-owned and women-owned businesses in the programs and contracts of the agency, including standards for coordinating technical assistance to such businesses; and (c) assessing the diversity

policies and practices of entities regulated by the agency. The Director of the Office of Minority and Women Inclusion reports directly to the NCUA Chairman.

Office of the Board Secretary

The Secretary of the Board is responsible for the secretarial functions of the Board. The Secretary's responsibilities include preparing agendas for meetings of the Board, preparing and maintaining the minutes for all official actions taken by the Board, and executing and maintaining all documents adopted by the Board or under its direction.

Office of External Affairs & Communications

The Office of External Affairs & Communications handles public relations, including communications with the media and trade associations; and serves as NCUA's liaison with Capitol Hill and other government agencies, monitoring federal legislative issues. The office also manages NCUA's social and digital media platforms, and oversees the content of NCUA.gov. The Director of the Office of External Affairs & Communications reports directly to the NCUA Chairman.

Office of General Counsel

The Office of General Counsel addresses legal matters affecting the NCUA. The duties of the office include representing the agency in litigation, executing administrative actions, interpreting the Federal Credit Union Act and NCUA rules and regulations, processing Freedom of Information Act requests and advising the NCUA Board and the agency on general legal matters, and maintaining the agency's records management program. The General Counsel's office also drafts regulations designed to ensure the safety and soundness of credit unions.

Office of the Executive Director

The Office of the Executive Director is responsible for the agency's daily operations. The executive director reports directly to the NCUA Chairman. All regional directors and most central office directors report to the executive director.

Asset Management and Assistance Center

The Asset Management and Assistance Center (AMAC) conducts credit union liquidations and performs asset management and recovery. AMAC also helps NCUA's regional offices review large, complex loan portfolios and actual or potential bond claims. AMAC staff are involved in the operational phases of credit union conservatorships and record reconstruction.

Office of Ethics Counsel

The Office of Ethics Counsel certifies the agency's compliance with relevant federal ethics laws and regulations, promotes accountability and ethical conduct, and leads NCUA's ethics programs, including programs designed to prevent harassment and misconduct in the workplace.

Ombudsman

The Ombudsman assists with problem resolution by helping to define options and recommending solutions to involved parties. The Ombudsman is a neutral party to facilitate a fair, equitable, and transparent interaction with the NCUA. The Ombudsman reports to the NCUA Board and is independent from the agency's operational programs.

Central Liquidity Facility

The Central Liquidity Facility (CLF) is an NCUA-operated, mixed-ownership government corporation that serves as a liquidity lender to credit unions experiencing unusual or unexpected liquidity shortfalls. It was created to

improvethe general financial stability of credit unions.. Member credit unions own the CLF, which exists within the NCUA. The CLF's President manages the facility under the oversight of the NCUA Board.

Office of Examination and Insurance

The Office of Examination and Insurance is responsible for NCUA's supervision programs that ensure the safety and soundness of federally insured credit unions. The office also oversees the agency's problem resolution program, manages risk to the National Credit Union Share Insurance Fund, and manages the agency's data gathering, surveillance, and national risk assessment programs.

Office of the Chief Financial Officer

The Office of the Chief Financial Officer oversees the agency's budget preparation and management, ongoing finance and accounting functions, facilities management, and procurement. The office also handles billing and collection of credit union Share Insurance Fund premiums and deposit adjustments, and federal credit union operating fees. NCUA's strategic planning process is also housed here.

Office of the Chief Information Officer

The Office of the Chief Information Officer manages NCUA's automated information resources. The office's work includes collecting, validating and securely storing electronic agency information; developing, implementing

and maintaining computer hardware, software, and data communications infrastructure; and ensuring related security and integrity risks are recognized and controlled.

Office of Consumer Financial Protection

The Office of Consumer Financial Protection (OCFP) is responsible for the agency's consumer financial protection program. The office is responsible for NCUA's financial literacy program and educational outreach to credit unions and the public, and it also manages the Consumer Assistance Center, which handles consumer inquiries and complaints. OFCP is responsible for consumer financial protection compliance policy and rulemaking, and interagency coordination on consumer financial protection compliance matters, and outreach. The office also conducts fair lending examinations and refers fair lending violations to the Department of Justice, as required by law.

Office of Human Resources

The Office of Human Resources provides a full range of human resources functions to all NCUA employees. The office administers recruitment and merit promotion, position classification, compensation, employee records, employee and labor relations, training, employee benefits, performance appraisals, incentive awards, adverse actions, and grievance programs.

Office of Credit Union Resources and Expansion

The Office of Credit Union Resources and Expansion is responsible for chartering and field-of-membership matters, low-income designations, charter conversions, and bylaw amendments. The office also provides online training to credit union board members, management and staff, and technical assistance through grants and loans funded by the Community Development Revolving Loan Fund. Additionally, the office is responsible for the agency's minority depository institutions preservation program.

Office of Continuity and Security Management

The Office of Continuity and Security Management evaluates and manages

security and continuity programs across NCUA and its regional offices. The office is responsible for continuity of operations, emergency planning and response, critical infrastructure and resource protection, cybersecurity and intelligence threat warning, and the security of agency personnel and facilities.

Office of Business Innovation

The Office of Business Innovation is responsible for NCUA's information technology modernization and business-process optimization efforts, as well as information security support, data management, and data governance for the agency.

Field Program Offices

Office of National Examination and Supervision

The Office of National Examinations and Supervision supervises the corporate credit union system and consumer credit unions with \$15 billion or more in assets.

Eastern Region

NCUA's Eastern Region is headquartered in Alexandria, Virginia. The region covers Delaware, the District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia, West Virginia, Connecticut, Maine, Massachusetts, Michigan, New Hampshire, New York, Rhode Island, and Vermont.

Southern Region

NCUA's Southern Region is headquartered in Austin, Texas. The region covers Texas, Oklahoma, Alabama, Arkansas, Florida, Georgia, Indiana, Kentucky, Louisiana, Mississippi, North Carolina, Ohio, Puerto Rico, South Carolina, Tennessee, and the U.S. Virgin Islands.

Western Region

NCUA's Western Region is headquartered in Tempe, Arizona. The region covers Colorado, Illinois, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Dakota, South Dakota, Wyoming, Alaska, Arizona, California, Guam, Hawaii, Idaho, Nevada, Oregon, Utah, Washington, and Wisconsin.

NCUA Leadership



Sierra Robinson
Director, Office of External Affairs
and Communications



Larry Fazio
Executive Director



Kelly Lay
Acting Deputy Executive Director



Matthew J. Biliouris
Director, Office of Consumer
Financial Protection and Acting
President, Central Liquidity
Facility



Towanda Brooks
Director and Chief Human
Capital Officer, Office of Human
Resources



Melane Conyers-Ausbrooks
Board Secretary and Acting
Director, Office of Minority and
Women Inclusion and Acting
Equal Employment Opportunity
Director



Katherine Easmunt
Chief Ethics Counsel



Kelly Gibbs
Director, Office of Continuity and
Security Management



Amber Gravius
Director, Office of Business
Innovation and Acting Chief
Information Officer



Frank Kressman
General Counsel



Melissa Lowden
Acting Chief Financial Officer



Amanda Parkhill
Acting Director, Office of
Examination and Insurance



Marcia Sigal
Acting Director Office of Credit
Union Resources and Expansion



Julie Cayse
Director, Western Region



John Kutchey
Director, Eastern Region



Cory Phariss
President, Asset Management
and Assistance Center and Acting
Director, Southern Region



Jamie Underwood
Acting Director of the Office
of National Examinations and
Supervision



Marta Erceg
Acting Inspector General

Key Terms and List of Acronyms

ACET: Automated Cybersecurity Examination Tool

AI: Artificial intelligence

AMAC: Asset Management and Assistance Center

AME: Asset Management Estate

Anti-Money Laundering Improvement Act:

A collection of regulations and laws in the United States aimed at combating money laundering and terrorist financing. The Act builds upon the Bank Secrecy Act, the first anti-money laundering enforcement law.

ASC: Accounting Standards Codification

Auto Loans: Loans made by credit unions for which the recipient uses to purchase a vehicle.

Bank Secrecy Act: In 1970, Congress passed the Currency and Foreign Transactions Reporting Act commonly known as the “Bank Secrecy Act” (BSA), establishing recordkeeping and reporting requirements by private individuals, banks and other financial institutions. The BSA is intended to safeguard the U.S. financial system and the financial institutions that make up that system from the abuses of financial crime, including money laundering, terrorist financing and other illicit financial transactions.

Call Report: A Call Report is a report that must be filed by credit unions with NCUA on a quarterly basis. NCUA uses the Call

Report and Profile to collect financial and nonfinancial information from federally insured credit unions. The resulting data are integral to risk supervision at institution and industry levels, which is central to safeguarding the integrity of the Share Insurance Fund.

CAMELS Rating: NCUA’s composite CAMELS rating consists of an assessment of a credit union’s Capital adequacy, Asset quality, Management, Earnings, Liquidity risk, and Sensitivity to market risk. The CAMELS rating system is designed to take into account and reflect all significant financial, operational and management factors field staff assess in their evaluation of credit unions’ performance and risk profiles.

- CAMELS ratings range from 1 to 5, with 1 being the best rating. Credit unions with a composite CAMELS rating of 3 exhibit some degree of supervisory concern in one or more components. CAMELS 4 credit unions generally exhibit unsafe or unsound practices, and CAMELS 5 institutions demonstrate extremely unsafe or unsound practices and conditions. NCUA collectively refers to CAMELS 4 and 5 credit unions as “troubled credit unions.”

Capitalization: The process of adding income or accumulated funds to the principal amount of a fund which increases the fund’s value.

CBA: Collective bargaining agreement

Corporate Credit Union: These are member-owned and controlled, not-for-profit cooperative financial institutions that act as “credit unions for credit unions” and provide a number of critical financial services to credit unions, such as payment processing. Most federally insured credit unions are members of at least one corporate credit union.

CECL: Current expected credit losses

Community Development Revolving Loan Fund or CDRLF: Congress created this fund in 1979 to stimulate economic development in low-income communities. Congress provides funding for the CDRLF through the yearly appropriations process.

NCUA administers the fund and uses it to provide eligible low-income credit unions with technical assistance grants and low-interest loans. Credit unions use these funds to develop new products and services, train staff, and alleviate service disruptions in their operations as a result of weather emergencies. This support helps these credit unions continue to serve low- to moderate-income populations throughout the country.

C.F.R.: Code of Federal Regulations

Central Liquidity Facility or CLF: This is a mixed-ownership government corporation that serves as an important source for emergency funding for credit unions and corporate credit unions that join the facility. Membership is voluntary and open to all credit unions that purchase a prescribed amount of stock.

The NCUA Board has direct oversight of the fund’s operations.

In situations where a credit union may be experiencing a shortage of liquidity (essentially a shortage of cash or assets that can be easily converted into cash), a credit union can borrow funds from the Central Liquidity Facility for a period not to exceed one year, though the typical period is 90 days.

Consumer Credit Union: See natural-person credit union.

Corporate System Resolution

Program or CSRP: A multi-stage plan for stabilizing the corporate credit union system, providing short-term and long-term funding to resolve a portfolio of residential mortgage-backed securities, commercial mortgage-backed securities, and other asset-backed securities and corporate bonds (collectively referred to as the Legacy Assets) held by the failed corporate credit unions, and establishing a new regulatory framework for corporate credit unions.

Credit Union Governance

Modernization Act of 2022: Amends the standard federal credit union bylaws to adopt a policy by which a federal credit union member may be expelled for cause by a two-thirds vote of a quorum of the credit union’s board of directors.

Credit Union Membership Access

Act: Restores expansion privileges and provides for multiple common-bond credit unions. The Act also requires NCUA to create a system of prompt corrective action. This system sets the

minimal capital ratios that a credit union must maintain and establishes triggers that limit the activities of a federally insured credit union should it drop below those levels.

CSRS: Civil Service Retirement System

CUMAA: Credit Union Membership Access Act of 1998, Public Law 105-219

Credit Union Service Organization:

These are corporate entities owned by federally chartered or federally insured, state-chartered credit unions. These institutions provide several services to credit unions, including loan underwriting, payment services and back-office functions like human resources and payroll, among others.

DATA Act: The Digital Accountability and Transparency Act

De Novo Chartering Process: The process of applying for a new (also called a de novo) federal credit union charter.

Deficit Reduction Act of 1984:

Recapitalized the National Credit Union Share Insurance Fund and required federally insured credit unions to submit \$850 million or one percent of system assets at the time to fully capitalize a new, restructured Share Insurance Fund.

Delinquency Rate: The percentage of loans for which one or more payments are past due. It is calculated by dividing the total number of delinquent loans by the total number of loans held by a lender. High delinquency rates can be a sign of economic distress.

Dodd-Frank Wall Street Reform and Consumer Protection Act:

Enacted on July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act, among other things, created the Financial Stability Oversight Council and made permanent the \$250,000 insurance protection for shares and deposits.

DOL: U.S. Department of Labor

E&I: NCUA Office of Examination and Insurance

Equity Ratio: The equity ratio is the overall capitalization of the insurance fund to protect against unexpected losses from the failure of credit unions. NCUA calculates this for the Share Insurance Fund by dividing contributed capital deposits plus cumulative results of operations, excluding net cumulative unrealized gains and losses on investments, by the aggregate amount of insured shares in all federally insured credit unions.

When the equity ratio falls below, or is projected within six months to fall below, 1.20 percent, the NCUA Board must assess a premium or develop a restoration plan. When the equity ratio exceeds the normal operating level and available assets ratio at year-end, the NCUA Board may declare a distribution from the Share Insurance Fund.

ERM: Enterprise Risk Management

FASAB: Federal Accounting Standards Advisory Board

FASB: Financial Accounting Standards Board

FBWT: Fund Balance with Treasury

FCU: Federal Credit Union

FDIC: The Federal Deposit Insurance Corporation

FECA: Federal Employees' Compensation Act

Federal Credit Union Act: Signed into law in 1934, the Federal Credit Union Act establishes the legal framework for federally chartered credit unions in the U.S. The Act also defines the coverage and terms of federal share insurance at all federally insured credit unions, and it outlines the structure, duties and authority of the NCUA.

FERS: Federal Employees Retirement System

FFB: Federal Financing Bank

FFIEC: Federal Financial Institutions Examination Council

Field of Membership: A credit union's field of membership defines who is eligible to join the credit union. Depending on the credit union's charter, a field of membership can include individuals who:

- Are members of an association like a civic association or religious institution;
- Are part of a community, like a county or town;

- Are employed in a particular occupation, like a firefighter or teacher;
- Are a part of an underserved area, like a rural county; or
- Who share a common bond, such as those that work at a factory and those that work for the factory's suppliers.

Financial Data Transparency Act of 2022: Requires federal financial regulators to improve the transparency and accessibility of financial data by adopting data standards for format, searchability, and transparency.

FIRREA: Financial Institutions Reform, Recovery, and Enforcement Act

FISMA: Federal Information Security Management Act, Public Law 107-347

FMFIA: Federal Managers' Financial Integrity Act of 1982, Public Law 97-255

FSOC: The Financial Stability Oversight Council

GAAP: U.S. Generally Accepted Accounting Principles

GAAS: U.S. Generally Accepted Auditing Standards

Government Corporation Control Act: Defines a government corporation as a mixed-ownership or wholly owned corporation and standardizes the budget, auditing, debt management, and depository practices for government corporations. NCUA's CLF is a mixed-ownership government corporation that

is owned by its member credit unions and managed by the NCUA Board.

IUS: Internal Use Software

KPMG: KPMG LLP

Liquidity: A credit union's capacity to meet its cash and collateral obligations at a reasonable cost.

Loan-to-Share Ratio: A comparison of the total amount of outstanding loans by the total amount of share deposits. The loans-to-shares ratio is a measure of liquidity and focuses on a credit union's ability to fund loans from member and nonmember shares. The higher the ratio, the greater the likelihood the credit union might need to obtain funding from external sources.

Low-income Designated Credit Union or LICU: The Federal Credit Union Act allows NCUA to designate a credit union as low-income if it meets certain criteria. This designation gives these credit unions a greater ability to help stimulate economic growth and provide affordable financial services in communities that have been historically underserved.

To qualify as a low-income credit union, a majority of a credit union's membership must meet certain low-income thresholds based on data from the U.S. Census Bureau.

The designation offers several benefits for credit unions that qualify, including the ability to accept non-member deposits, an exemption from the member business lending cap, eligibility for

technical assistance grants and loans, and the ability to obtain supplemental capital from organizations, such as banks or outside investors.

Market Risk: The possibility of an investor experiencing losses due to factors that affect the overall performance of the financial markets.

Minority Depository Institution or MDI: This term is used to describe a credit union that has a majority of its current or potential membership composed of minorities (in this case Black American, Hispanic American, Asian American, Native American or Multi-cultural) and a majority of minority members on its board of directors.

Member: A person who uses a credit union is referred to as a member rather than a customer. This is because a credit union member owns a portion, or share, of their credit union. This differs from a bank, which is owned by its shareholders, not its customers. A credit union member also has the ability to determine the credit union's board of directors through a democratic election.

Modern Examination and Risk Identification Tool or MERIT: NCUA's examination platform. Through MERIT, credit unions can securely exchange documents with examiners and retrieve their examination report.

Mortgage/Real Estate: Loans that are secured by a mortgage, deed of trust, or similar lien on real estate.

NCUA: National Credit Union Administration

The National Credit Union Share Insurance Fund or NCUSIF: This fund provides deposit insurance for member accounts at all credit unions that are federally insured. The Share Insurance Fund is funded by premiums paid by credit unions, which is one percent of the shares or deposits at credit unions. It is backed by the full faith and credit of the United States.

The Share Insurance Fund insures individual accounts up to \$250,000, and a member's interest in all joint accounts combined is insured up to \$250,000. The fund separately protects IRA and KEOGH retirement accounts up to \$250,000.

Net Worth Ratio: A comparison of retained earnings and total assets, which measures the financial strength of the industry or an individual credit union.

Natural-Person Credit Union: More commonly known as consumer credit unions, natural-person credit unions provide financial services primarily to individual people, as opposed to corporate credit unions which provide financial services to natural-person credit unions.

Normal Operating Level or NOL: The Share Insurance Fund's normal operating level is the desired equity level for the Share Insurance Fund that is set by the NCUA Board. The Federal Credit Union Act allows the NCUA Board to set the normal operating level between 1.20 percent and 1.50 percent. If the equity

ratio of the Share Insurance Fund is above normal operating level at the end of the calendar year, a dividend is triggered and paid to federally insured credit unions. The normal operating level set by the NCUA Board in December 2021 is 1.33 percent.

NTEU: National Treasury Employees Union

OEAC: Office of External Affairs & Communications

OF: Operating Fund

OIG: Office of Inspector General

OMB: Office of Management and Budget

ONES: Office of National Examinations and Supervision

OPM: U.S. Office of Personnel Management

OTR: Overhead Transfer Rate

PIIA: Payment Integrity Information Act of 2019

Return on Average Assets: A comparison of net income and average total assets; a measure of how much income credit unions are able to generate from each dollar's worth of a credit union's assets. A positive ratio reflects income sufficient to cover all the credit union's expenses.

ROV: Reconsiderations of value

Safety and Soundness: Federal and state supervision of credit unions is designed to provide for a financially stable system

that meets the financial needs of credit union members, as well as provide assurances that funds deposited will be protected from loss. A credit union is considered to be safe and sound if it is being run effectively and is compliant with all applicable laws and regulations.

Secure and Fair Enforcement for Mortgage Licensing Act: The (SAFE Act) of 2008 requires that residential mortgage loan originators be licensed by the state or registered by the federal government. The SAFE Act also encourages states to participate in the Nationwide Mortgage Licensing System and Registry.

SFFAS: Statement of Federal Financial Accounting Standards

Share Insurance Fund Equity Ratio: The equity ratio approximates the overall health and financial position of the Share Insurance Fund. The equity ratio is calculated as the ratio and consists of the contributed one percent deposit that all federally insured credit unions must make, plus the cumulative results of operations, excluding net cumulative unrealized gains and losses on the fund's investments, divided by the aggregate

amount of the insured shares in all federally insured credit unions.

By law, the equity ratio of the Share Insurance Fund cannot decline below 1.20 percent. When the NCUA Board projects that the equity ratio will fall below 1.20 percent within six months, the NCUA Board must establish and implement a restoration plan to rebuild the equity ratio, which may include a premium assessment to each insured credit union.

Term Spread: the difference in yields between bonds or securities with different maturities but similar credit quality.

the "Fund": National Credit Union Administration Operating Fund

Truth in Lending Act (TILA) and the Fair Credit Reporting Act (FCRA): Two federal laws that protect consumers from unfair credit practices. TILA requires lenders to disclose loan costs, while the FCRA protects consumers from unfair business practices by credit reporting agencies.

Unsecured Credit Cards: Loans held as unsecured credit card loans.

List of Hyperlinks to Additional Information by Report Section

Industry At A Glance

NCUA Call Report Data

<https://www.ncua.gov/analysis/credit-union-corporate-call-report-data/quarterly-data>

About this Report

NCUA Annual Reports

<https://www.ncua.gov/news/annual-reports>

About the Management's Discussion and Analysis

2025 NCUA Annual Report

<https://www.ncua.gov/files/annual-reports/annual-report-2025.pdf>

NCUA in Brief

Federal Credit Union Act

<https://www.govinfo.gov/content/pkg/COMPS-264/pdf/COMPS-264.pdf>

2022–2026 Strategic Plan

<https://ncua.gov/files/agenda-items/strategic-plan-20220317.pdf>

Year in Review

2022–2026 Strategic Plan

<https://ncua.gov/files/agenda-items/strategic-plan-20220317.pdf>

Press Release, November 18, 2025, "Copper & Glass Federal Credit Union Conserved"

<https://ncua.gov/newsroom/press-release/2025/copper-glass-federal-credit-union-conserved>

NCUA Consumer Assistance Center

<https://mycreditunion.gov/about/consumer-assistance-center>

Press Release, December 10, 2025, "NCUA Announces Deregulation Project and First Round of Proposed Regulatory Changes"

<https://ncua.gov/newsroom/press-release/2025/ncua-announces-deregulation-project-and-first-round-proposed-regulatory-changes>

About the American Community Survey

<https://www.census.gov/programs-surveys/acs/about.html>

Press Release, September 30, 2025, "CDRLF Grant Round Offers More Opportunities"
<https://ncua.gov/newsroom/press-release/2025/cdrLf-grant-round-offers-more-opportunities>

Press Release, March 11, 2025, "NCUA Charters Heritage Hub Federal Credit Union to Serve Texas Community"
<https://ncua.gov/newsroom/press-release/2025/ncua-charters-heritage-hub-federal-credit-union-serve-texas-community>

Press Release, May 19, 2025, "NCUA Charters African Diaspora Federal Credit Union"
<https://ncua.gov/newsroom/press-release/2025/ncua-charters-african-diaspora-federal-credit-union>

Press Release, December 8, 2025, "NCUA Charters Haven Federal Credit Union"
<https://ncua.gov/newsroom/press-release/2025/ncua-charters-haven-federal-credit-union>

Federal Register Notice, The NCUA Staff Draft 2026-2027 Budget Justification, September 29, 2025
<https://www.regulations.gov/document/NCUA-2025-0543-0001>

2026-2027 Budget Justification: Staff Draft, September 30, 2025
<https://ncua.gov/files/publications/budget/budget-justification-proposed-2026-2027.pdf>

Performance Highlights

2022-2026 Strategic Plan

<https://ncua.gov/files/agenda-items/strategic-plan-20220317.pdf>

2025 Annual Performance Plan

<https://ncua.gov/files/agenda-items/2025-annual-performance-plan-20250116.pdf>

Financial Highlights

CDRLF Loan Interest Rate Policy

<https://ncua.gov/files/publications/resources-expansion/interest-rate-policy-2019.pdf>

Management Assurances and Compliance

Section 901(b) of title 31 of the United States Code

<https://www.govinfo.gov/content/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleI-chap9-sec901.pdf>

OIG-25-08, August 20, 2025, FY 2025 Independent Audit of the NCUA's Compliance with FISMA 2025

<https://ncua.gov/files/audit-reports/oig-audit-compliance-fisma-2025.pdf>

Office of Inspector General Reports

<https://www.ncua.gov/About/Pages/inspector-general/reports.aspx>

USASpending.gov

<https://www.usaspending.gov/>

Performance Results

2022–2026 Strategic Plan

<https://ncua.gov/files/agenda-items/strategic-plan-20220317.pdf>

2025 Annual Performance Plan

<https://ncua.gov/files/agenda-items/2025-annual-performance-plan-20250116.pdf>

NCUA Risk Appetite Statement

<https://www.ncua.gov/files/agenda-items/risk-appetite-statement-20221020.pdf>

Section 1116 of title 31 of the United States Code

<https://uscode.house.gov/view.xhtml?edition=prelim&req=granuleid:USC-prelim-title31-section1116>

Payment Integrity

Paymentaccuracy.gov

<https://www.paymentaccuracy.gov/>

Civil Monetary Penalty Adjustment for Inflation

Final Rule, Part 747, Civil Monetary Penalty Inflation Adjustment, The Federal Register, January 15, 2025

<https://www.federalregister.gov/documents/2025/01/15/2025-00737/civil-monetary-penalty-inflation-adjustment>

Statistical Data

NCUA Credit Union Analysis

<https://www.ncua.gov/analysis>

Contact Information

Public Information:	(703) 518-6330	oeacmail@ncua.gov
Office of the Board:	(703) 518-6300	boardmail@ncua.gov
Office of the Chief Financial Officer:	(703) 518-6570	ocfomail@ncua.gov
General Counsel Fraud Hotline:	(800) 827-9650	ogcmail@ncua.gov
Credit Union Investments:	(800) 755-5999	ocmpmail@ncua.gov
NCUA Consumer Assistance Center:	(800) 755-1030	https://www.mycreditunion.gov/consumer-assistance-center
Office of Credit Union Resources and Expansion:	(703) 518-6610	curemail@ncua.gov
Report Improper or Illegal Activities:	(800) 778-4806	oigmail@ncua.gov
Technical Support:	(800) 827-3255	onestop@ncua.gov

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National Credit Union Administration
Office of External Affairs and Communications
1775 Duke Street
Alexandria, VA 22314



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1775 Duke Street | Alexandria, VA | 22314

703-518-6570

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