



NCUA
National Credit Union Administration

Eugene H. Schied, Chief Financial Officer
Office of the Chief Financial Officer

NCUSIF

Financial Statistics &

Mid-Session Budget

Update

For the Quarter Ended
June 30, 2024

NCUSIF Revenue and Expense

June 30, 2024

PRELIMINARY & UNAUDITED (In Millions)	Quarter Ended June 30, 2024	Year-to-Date June 30, 2024
Gross Income:		
Investment Income	\$139.9	\$273.4
Other Income	0.2	0.3
Total Income	\$140.1	\$273.7
Less Expenses:		
Operating Expenses	\$60.4	\$120.1
Provision for Insurance Losses:		
Reserve Expense (Reduction)	(6.1)	2.0
Consumer Credit Union AME Loss Expense (Reduction)	0.4	(0.6)
Corporate AME Loss Expense (Reduction)	(0.8)	(2.1)
Total Expenses	\$53.9	\$119.4
Net Income (Loss)	\$86.2	\$154.3

NCUSIF Summary Balance Sheets

June 30, 2024

PRELIMINARY & UNAUDITED (In Millions)	June 30, 2024	March 31, 2024
Assets		
Fund Balance with Treasury and Investments	\$21,373.4	\$21,249.8
Capitalization Deposits Receivable	0.0	211.2
Receivable from Consumer Credit Union Asset Management Estates, Net	0.2	0.0
Receivable from Corporate Asset Management Estates, Net	69.1	70.3
Accrued Interest and Other Assets	107.7	113.6
Total Assets	\$21,550.4	\$21,644.9
Liabilities and Net Position		
Accounts Payable and Other Liabilities	\$3.2	\$242.9
Insurance and Guarantee Program Liabilities	212.0	217.5
Net Position – Cumulative Results of Operations	4,117.7	3,975.0
Net Position – Capitalization Deposits	17,217.5	17,209.5
Total Liabilities and Net Position	\$21,550.4	\$21,644.9

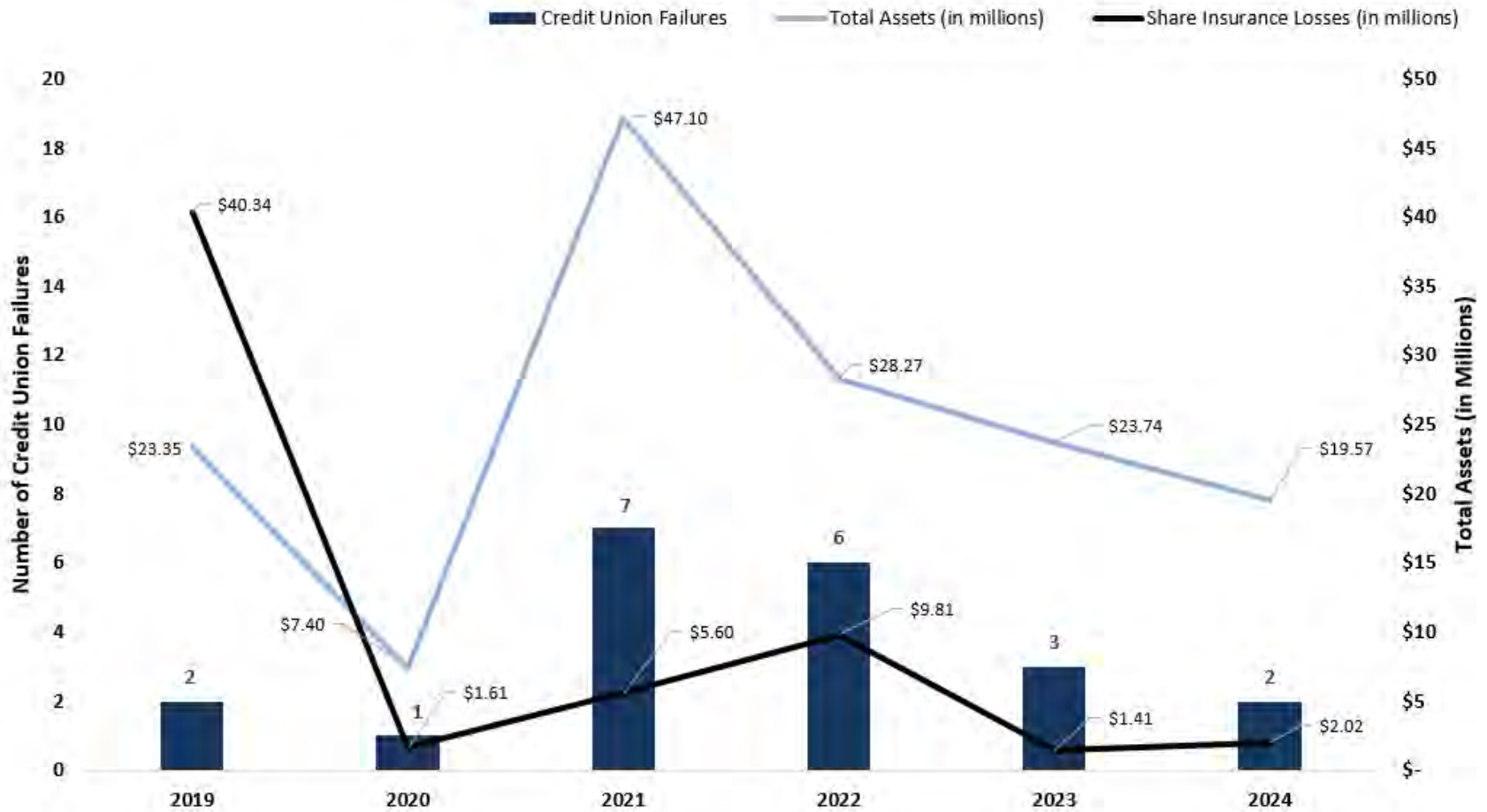
NCUSIF - Insurance and Guarantee Program Liabilities

June 30, 2024

PRELIMINARY & UNAUDITED (In Millions)	Quarter Ended June 30, 2024	Year-To-Date June 30, 2024
Beginning Reserve Balance:	\$ 217.5	\$ 209.0
Reserve Expense (Reduction)	(6.1)	2.0
Charges for Assisted Mergers	(0.0)	(0.0)
Charges for Liquidations	0.6	1.0
Ending Reserve Balance	\$212.0	\$212.0

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

CY2019 – Q2 CY2024



NCUSIF Portfolio

June 30, 2024

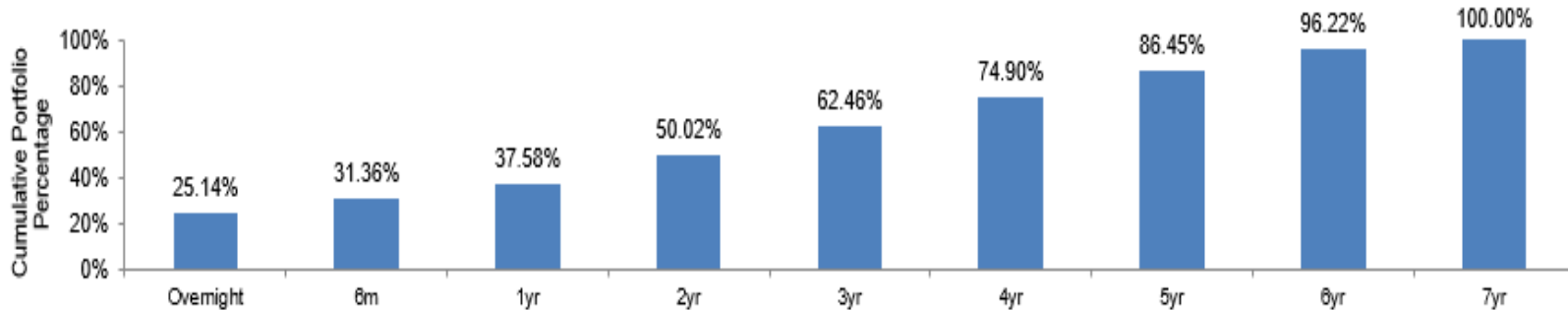
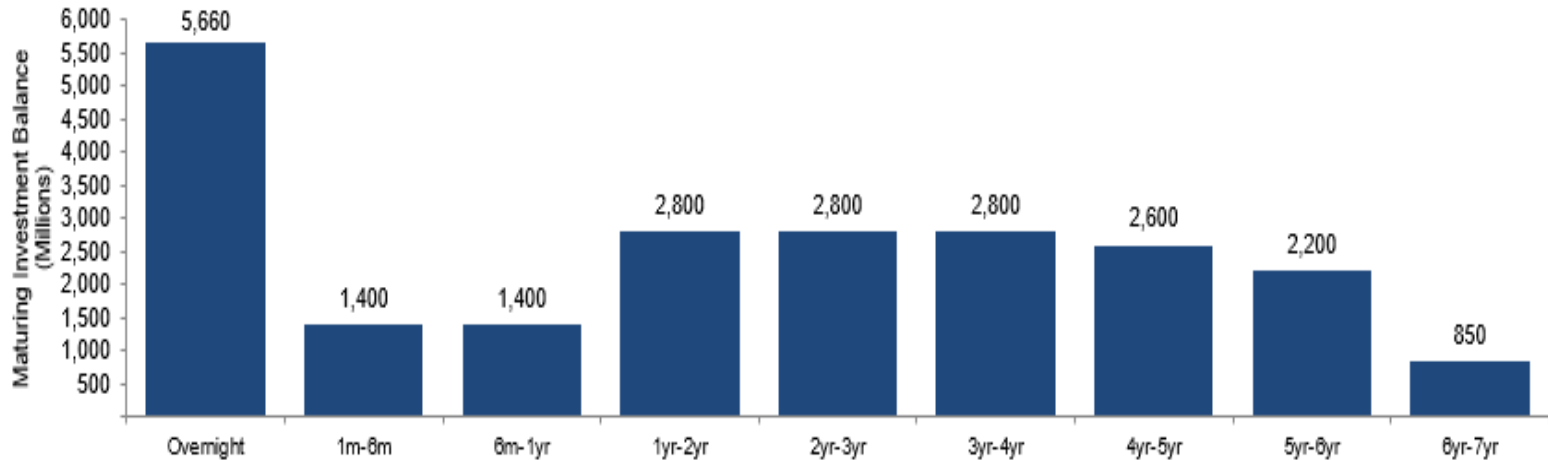
Investment Balance at Par: \$22.5 Billion

Weighted Average Life:

2.3 years

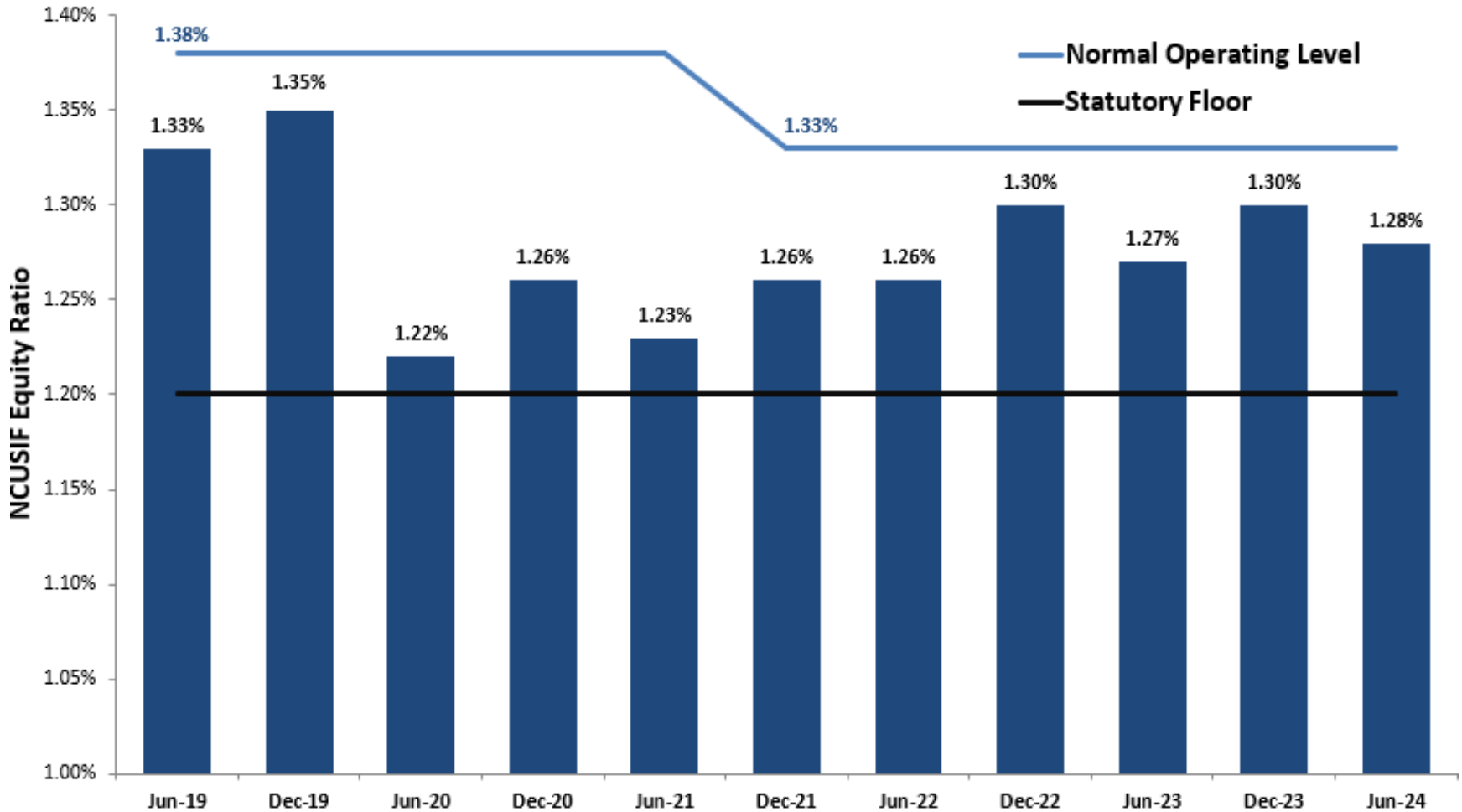
Weighted Average Yield:

2.54%



NCUSIF Equity Ratio

CY2019 – Q2 CY2024



Projected Equity Ratio Calculation

- The NCUA staff projects the equity ratio for June 30th and for December 31st. The projection calculates the equity ratio on the same basis as the actual equity ratio.
 - The Federal Credit Union Act §1782(h)(2) defines the equity ratio as the ratio of – “(A) the amount of Fund capitalization, including insured credit unions’ 1 percent capitalization deposits and the retained earnings balance of the Fund (net of direct liabilities of the Fund and contingent liabilities for which no provision for losses has been made) to (B) the aggregate amount of the insured shares in all insured credit unions.”
- The projection for the December 31, 2024, NCUSIF equity ratio is 1.28 percent.

Projected Quarter-End	Calculation
December	$\frac{\text{Projected 12/31 Retained Earnings*} + 1\% \text{ of 6/30 Insured Shares}}{\text{Projected 12/31 Insured Shares}}$

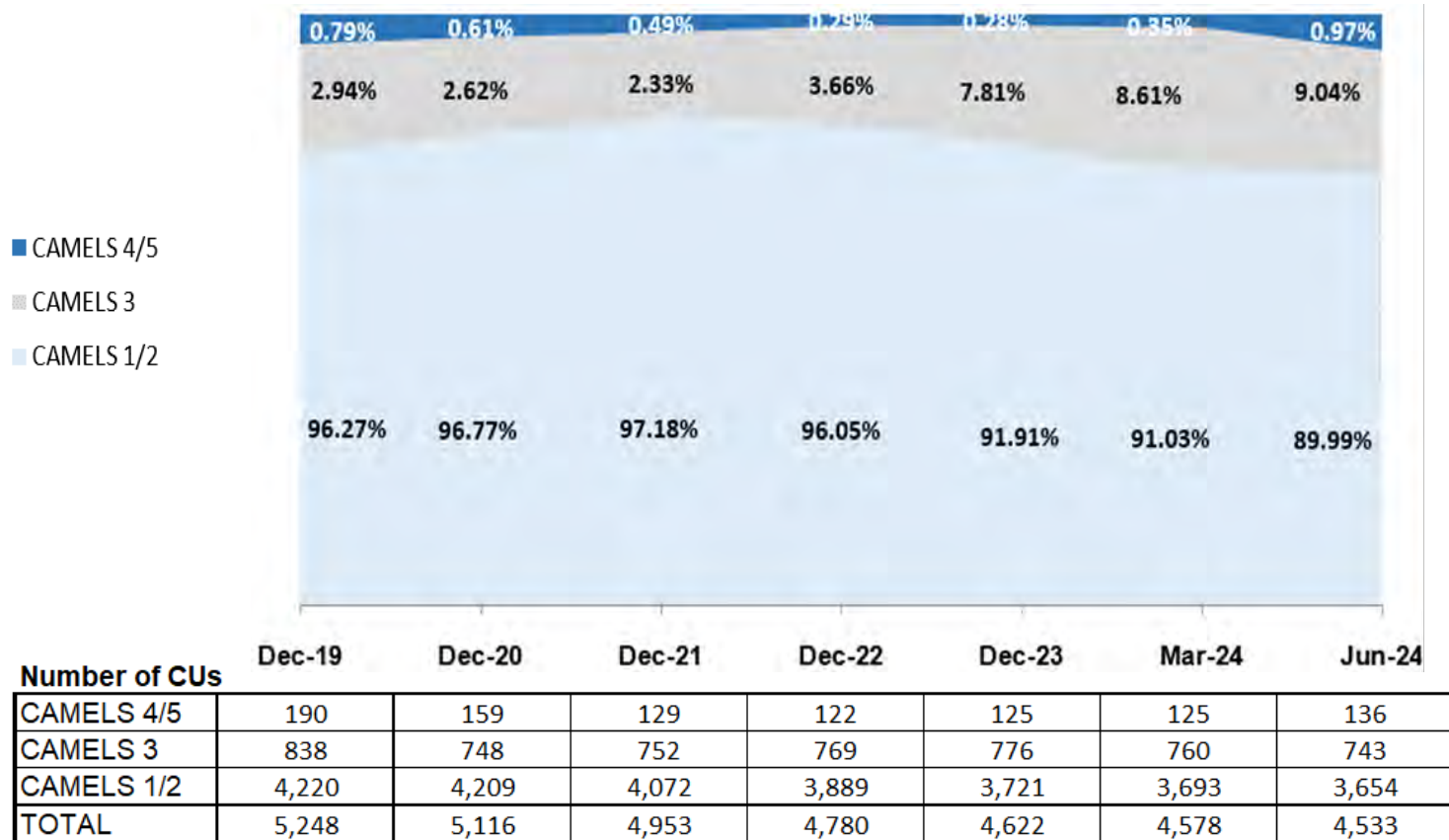
*net of any direct liabilities of the Fund and contingent liabilities for which no provision has been made

$$\frac{\$5,439,687,312 + \$17,583,243,836}{\$1,801,791,912,602} = 1.28\%$$

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

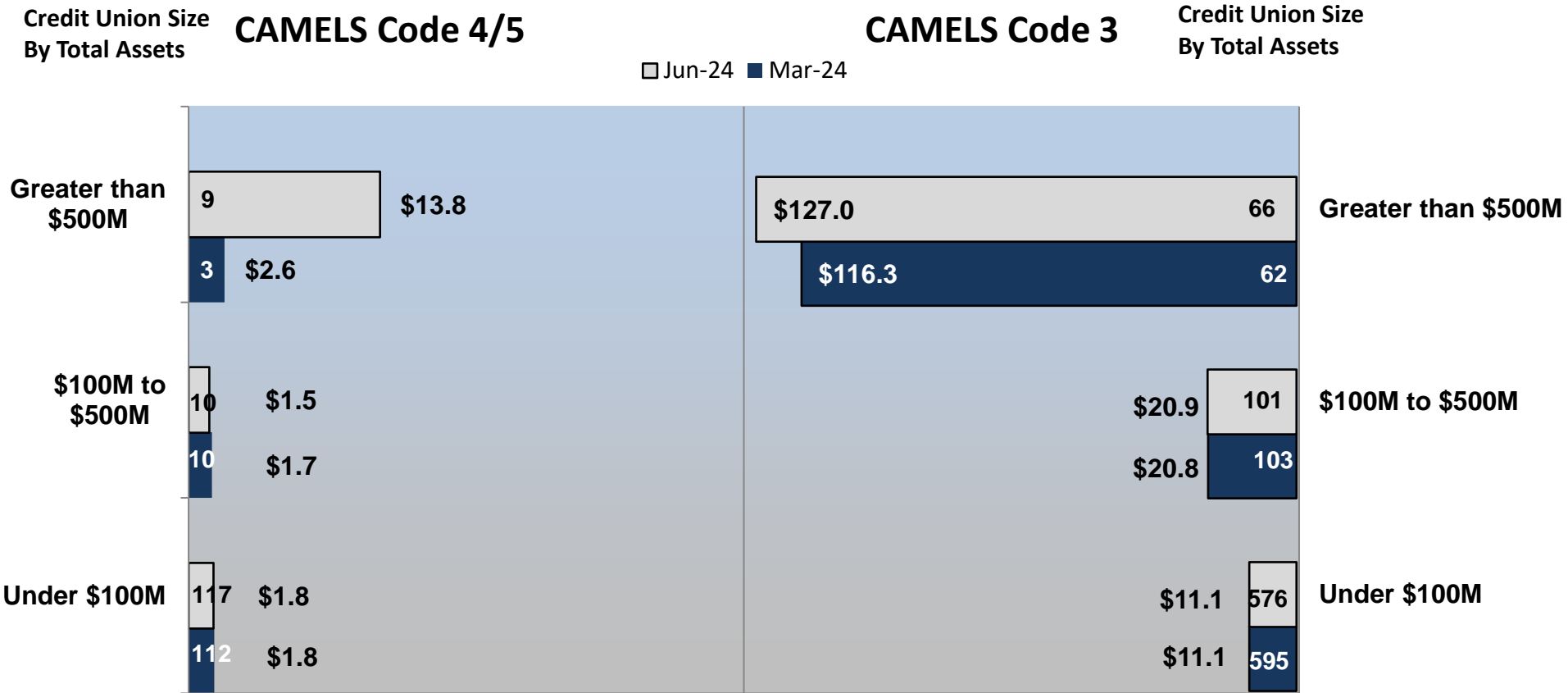
CY2019 – Q2 CY2024

Percentage of Insured Shares by CAMELS Rating*



*Areas are not to scale.

CAMELS Code Comparison by Asset Size



Total Shares in Billions

In Billions	CAMELS 4/5		In Billions	CAMELS 3	
	Mar-24	Jun-24		Mar-24	Jun-24
Total Shares	\$6.1	\$17.1	Total Shares	\$148.2	\$159.0
Total Assets	\$7.0	\$19.6	Total Assets	\$176.9	\$191.1

2024 MID-SESSION BUDGET UPDATE

2024 Operating Budget Surplus Est.

2024 OPERATING BUDGET						
(dollars in thousands)						
		2024 Jan-July Results		2024 EOY		
Operating Budget	2024 Budget*	Spent	% Budget Spent	Projected Spending	Projected Surplus	Surplus Percentage
Employee Pay & Benefits.....	292,783	165,847	56.6%	290,283	2,500	0.9%
Travel.....	20,117	10,434	51.9%	19,867	250	1.2%
Rent/Communications/Utilities.....	7,131	4,745	66.5%	6,881	250	3.5%
Administrative Expenses.....	7,457	4,485	60.2%	6,957	500	6.7%
Contracted Services.....	70,564	56,320	79.8%	69,064	1,500	2.1%
Total, Operating Budget.....	398,052	241,832	60.8%	393,052	5,000	1.3%

- Employee Pay and Benefits expenses are trending about 1% below budget. Vacancies are slightly higher than comparable 2023 levels.
- Travel expenses through July 2024 exceed comparable 2023 levels. Projected surplus is lower than recent years.
- Contracted Services spending rate is consistent with past years, and year-end surplus amounts will be dependent on third- and fourth-quarter contract awards.
- Rent/Communications/Utilities and Administrative expenses, which are the smallest budget line items, are projected to have small balances at the end of the year.

* 2024 Budget includes carryover funding and reflects all reprogrammings approved through July 31, 2024.

2024 Capital Budget

- Capital budget obligations through July are aligned with project plans and expected milestone dates.

NATIONAL CREDIT UNION ADMINISTRATION: CAPITAL INVESTMENT PROJECTS				
Description	2023 Budget*	2024 Budget*	2024 Obligated YTD (July)	2024 Balance Available
Information Technology Investments				
Executive Order on Cybersecurity	\$ 3,070,000	\$ 2,408,000	\$ 611,864	\$ 1,796,136
Information Technology Infrastructure, Platform and Security Refresh	\$ 3,139,000	\$ 1,294,000	\$ 673,194	\$ 620,806
CURE Process Automation	\$ -	\$ 1,100,000	\$ 175,000	\$ 925,000
Personnel Security Case Management System	\$ -	\$ 730,000	\$ 730,000	\$ -
MERIT Enhancements	\$ 1,260,000	\$ 540,000	\$ 265,486	\$ 274,514
Microsoft Power Platform	\$ -	\$ 500,000	\$ 499,962	\$ 38
Data Collection and Sharing Solution	\$ -	\$ 208,000	\$ 168,795	\$ 39,205
NCUA Website Development	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
Continuous Diagnostics and Mitigation (CDM)	\$ 520,000	\$ -	\$ -	\$ -
Enterprise Systems Modernization (ESM) Data Reporting Services	\$ 790,000	\$ -	\$ -	\$ -
Enterprise Data Program	\$ 350,000	\$ -	\$ -	\$ -
Consumer Access Process and Reporting Information System (CAPRIS)	\$ 400,000	\$ -	\$ -	\$ -
Mobile Device Refresh	\$ 959,000	\$ -	\$ -	\$ -
Enhanced Testing Capability	\$ 250,000	\$ -	\$ -	\$ -
Independent Verification and Validation (IV&V) Testing Team	\$ 466,000	\$ -	\$ -	\$ -
Total, Information Technology Investments	\$ 11,304,000	\$ 6,880,000	\$ 3,124,301	\$ 3,755,699
Capital building improvements and repairs				
Central Office maintenance and repair	\$ 472,000	\$ 477,000	\$ 477,000	\$ -
Disaster recovery site move	\$ 500,000		\$ -	\$ -
Total, Capital building improvements and repairs	\$ 972,000	\$ 477,000	\$ 477,000	\$ -
Grand Total, Capital Projects	\$ 12,276,000	\$ 7,357,000	\$ 3,601,301	\$ 3,755,699

* 2023 and 2024 budgets include carryover funding. 2024 budget reflects \$100,000 reprogramming for Personnel Security Case Management System project.

Share Insurance Fund Admin. Budget

- State Examiner travel costs for NCUA and FFIEC training classes are projected to exceed the original 2024 budget. Funding can be reallocated from legacy NGN support if needed.

2024 SHARE INSURANCE FUND ADMINISTRATIVE EXPENSES BUDGET						
	2024 Budget*	2024 Jan-July Results		OCFO Projection - 2024 EOY		
		Spent	% Budget Spent	Projected Spending	\$ Change vs. Budget	% Change vs. Budget
SIF Administrative Expenses						
<u>Share Insurance Fund Direct Expenses:</u>						
Travel						
OHR, State Examiner Training	1,115	784	70%	1,297	182	16%
AMAC, Staff travel for problem cases	15	---	0%	15	---	0%
Subtotal, Travel (SIF Direct Expenses)	1,130	784	69%	1,312	182	16%
Administrative Expenses:						
ONES: Analytic Tools for Large Credit Unions	116	116	100%	116	---	0%
AMAC: Shipping and Miscellaneous Admin	54	24	45%	54	---	0%
Subtotal, Admin. Expenses (SIF Direct Expenses)	170	140	82%	170	---	0%
Contracted Services:						
ONES: Analytic Tools for Large Credit Unions	2,286	1,844	81%	2,286	---	0%
OCFO: Financial Accounting, Audit Support, Bank Charges	925	872	94%	925	---	0%
OBI: SSA Costs for MERIT	216	215	100%	216	---	0%
AMAC: Corp Resolution Study, Legal, Other Contracts	229	---	0%	229	---	0%
Subtotal, Contracted Services (SIF Direct Expenses)	3,656	2,931	80%	3,656	---	0%
Total, SIF Direct Expenses.....	4,956	3,855	78%	5,138	182	4%
<u>NGN Support</u>						
Personnel Compensation	---	---	0%	---	---	0%
Travel	---	---	0%	---	---	0%
Administrative Expenses						
E&I: Software and Data Subscriptions	186	56	30%	64	-122	-66%
Contracted Services:						
E&I: Valuation Services, Contract Support, Training	---	---	N/A	---	---	N/A
Total, NGN Support.....	186	56	30%	64	-122	-66%
Total, Share Insurance Fund Budget.....	5,142	3,911	76%	5,202	60	1%

* 2024 Budget reflects \$100,000 reprogramming for Travel for State Examiner Training.

Office Contact Page

Feel free to contact our office with questions or comments.

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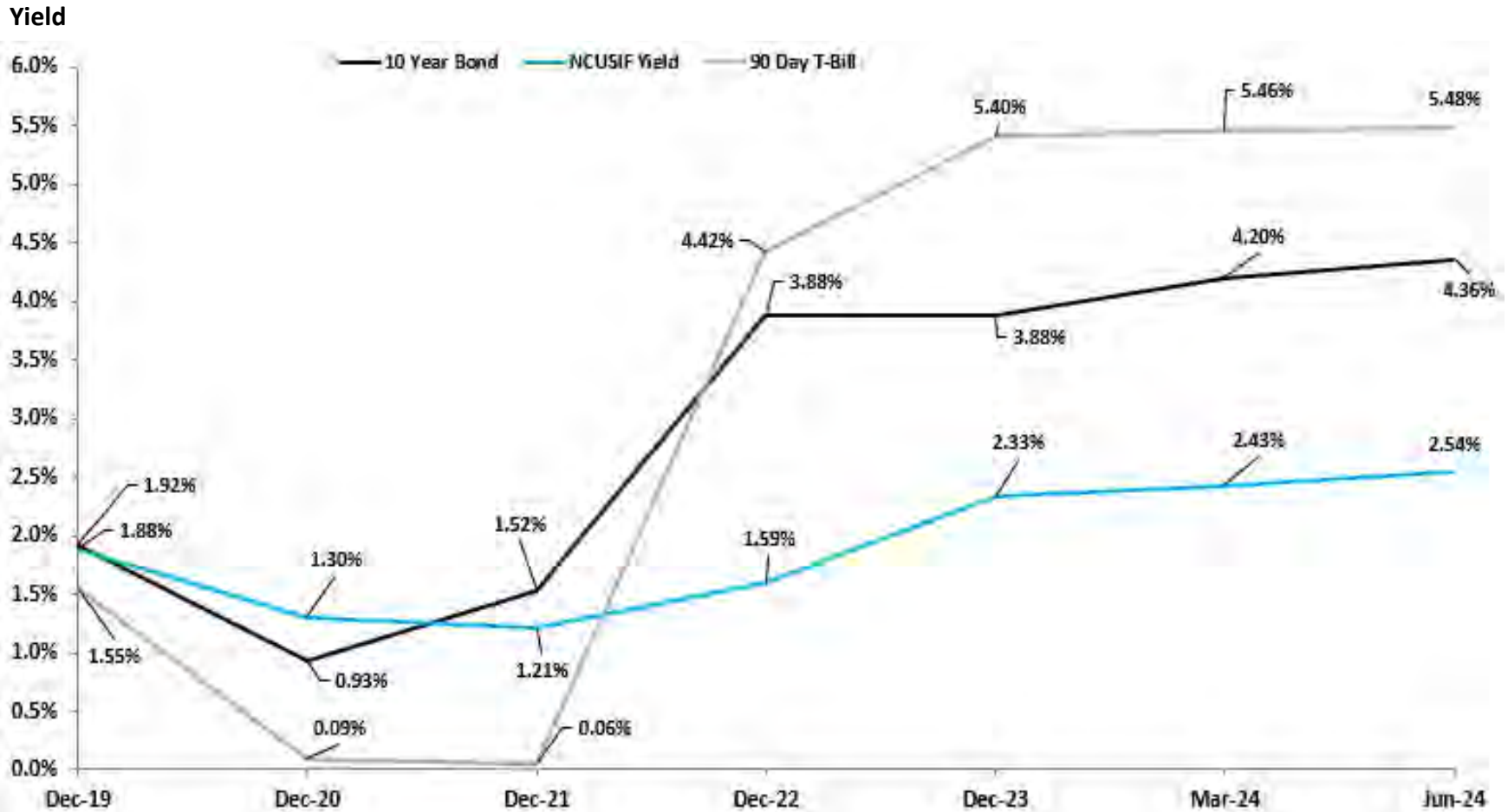
Office Phone: 703-518-6570



SUPPLEMENTAL INFORMATION

Yield Comparisons

CY 2019 – Q2 CY2024



Portfolio Unrealized Gain/(Loss)

CY2019 – Q2 CY2024

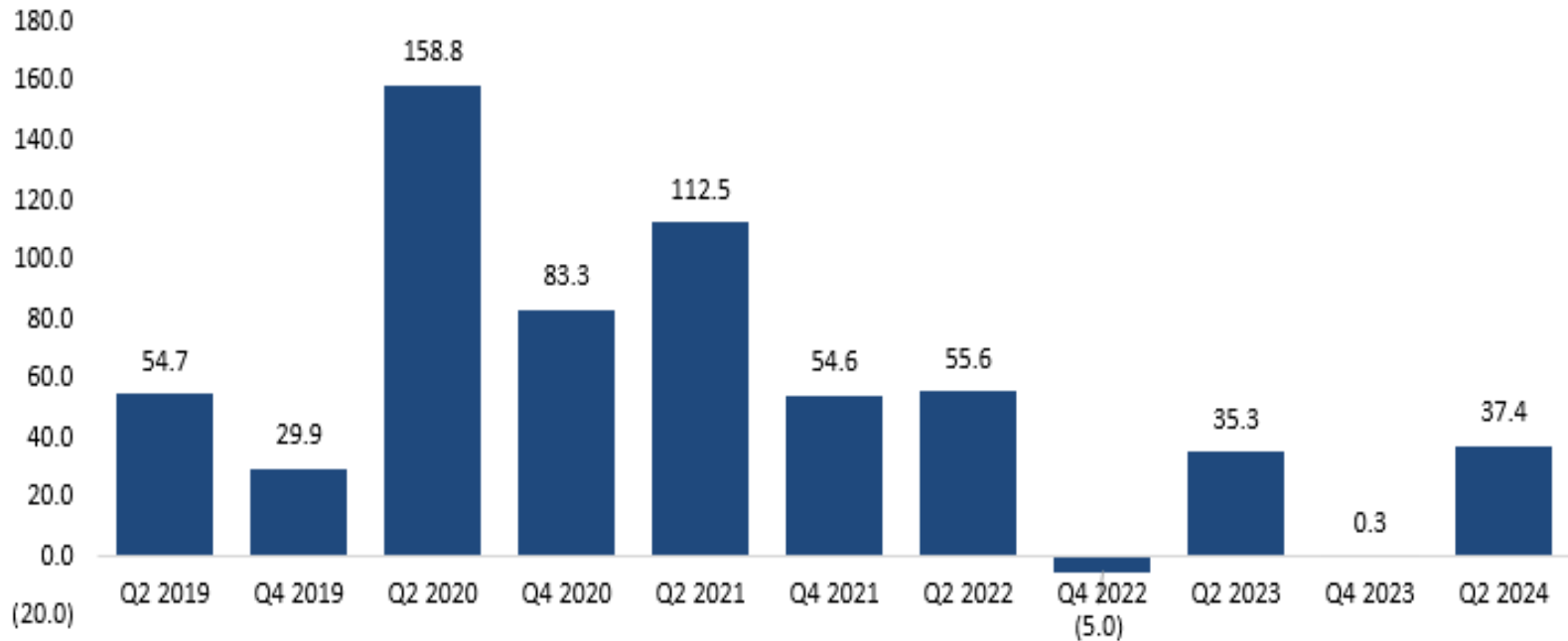
Unrealized Gain/ (Loss) on Investments (in millions)



Change in Insured Shares

CY2019 – Q2 CY2024

Change in Insured Shares (in billions)



	2019	2020	2021	2022	2023	Q2 2024
Total	1,226B	1,468B	1,635B	1,685B	1,721B	1,758B

Quarterly Portfolio Activity

June 30, 2024

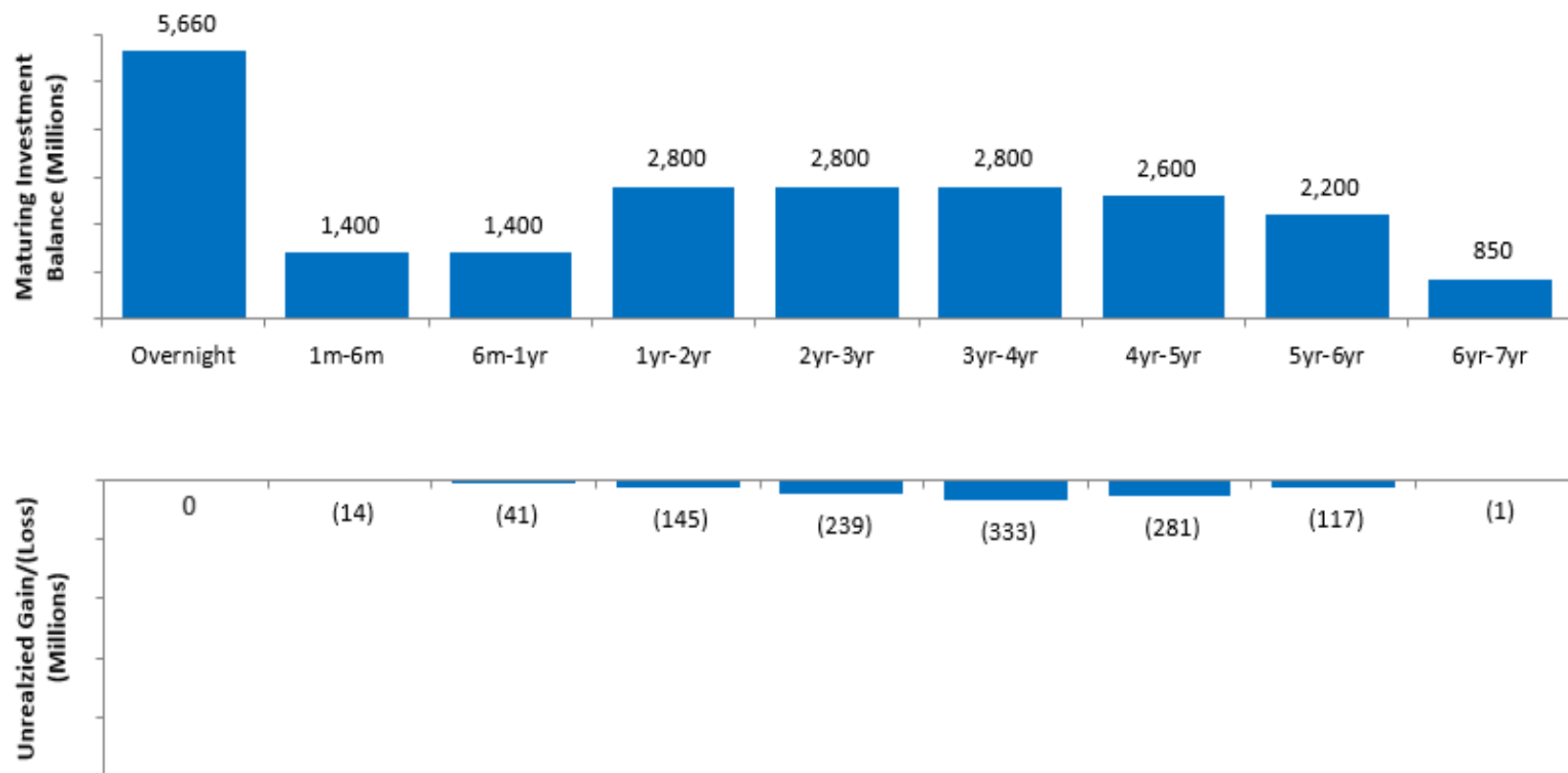
I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE (In Dollars)						
	Book Value	Market Value	Unrealized Gain or (Loss)	% Market to Book Value	Weighted Average Yield	
Daily Treasury Account	\$ 5,659,877,000	\$ 5,659,877,000	\$ -	100.00%	5.37%	
U.S. Treasury Notes	16,857,223,567	15,686,691,545	(1,170,532,022)	93.06%	1.59%	
Total	\$ 22,517,100,567	\$ 21,346,568,545	\$ (1,170,532,022)	94.80%	2.54%	
II. INVESTMENT PORTFOLIO SUMMARY						
	Last Month	Current Month	CY To Date			
Investment Yield	2.54%	2.54%	2.45%			
Investment Income	\$ 47,785,737	\$ 47,174,615	\$ 273,449,914			
Weighted Avg. Maturity in Days / (Years)	859 (2.35)	836 (2.28)				
III. QUARTERLY ACTIVITY FOR T-NOTES						
Purchased	Amount	Maturity	Yield			
5/15/2024	1,000,000,000	various	4.33% to 4.36%			
Maturity	Amount	Purchased	Yield			
5/15/2024	750,000,000	various	0.24% to 2.14%			

Quarterly Portfolio Activity (continue)

June 30, 2024

IV. MATURITY SCHEDULE (par value in millions)

TOTAL PAR VALUE	\$	22,510	TOTAL UNREALIZED GAIN/(LOSS)	\$	(1,171)
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Statutory Authority for Investments

- **Title II §1783(c) of the Federal Credit Union Act addresses investment authorizations for the NCUSIF**
 - Board may authorize the Secretary of the Treasury to invest and reinvest such portions of the fund as the Board may determine are not needed for current operations.
 - Must be in interest-bearing securities of the United States or in any securities guaranteed as to both principal and interest by the United States or in bonds or other obligations which are lawful investments for fiduciary, trust, and public funds of the United States, and the income shall constitute a part of the fund.
- **Only viable option is to invest through FedInvest that allows the NCUSIF to invest in:**
 - The required method for Federal Program Agencies to submit investment instructions is by using FedInvest. (Treasury Financial Manual, Part II, Section 4335.70)
 - Overnights with the rate indexed off the 4-week Treasury Bill.
 - Government Account Series securities that “mirror” US Treasury securities.
 - NCUA must adhere to U.S. Treasury policies.

Treasury Policies on Investments

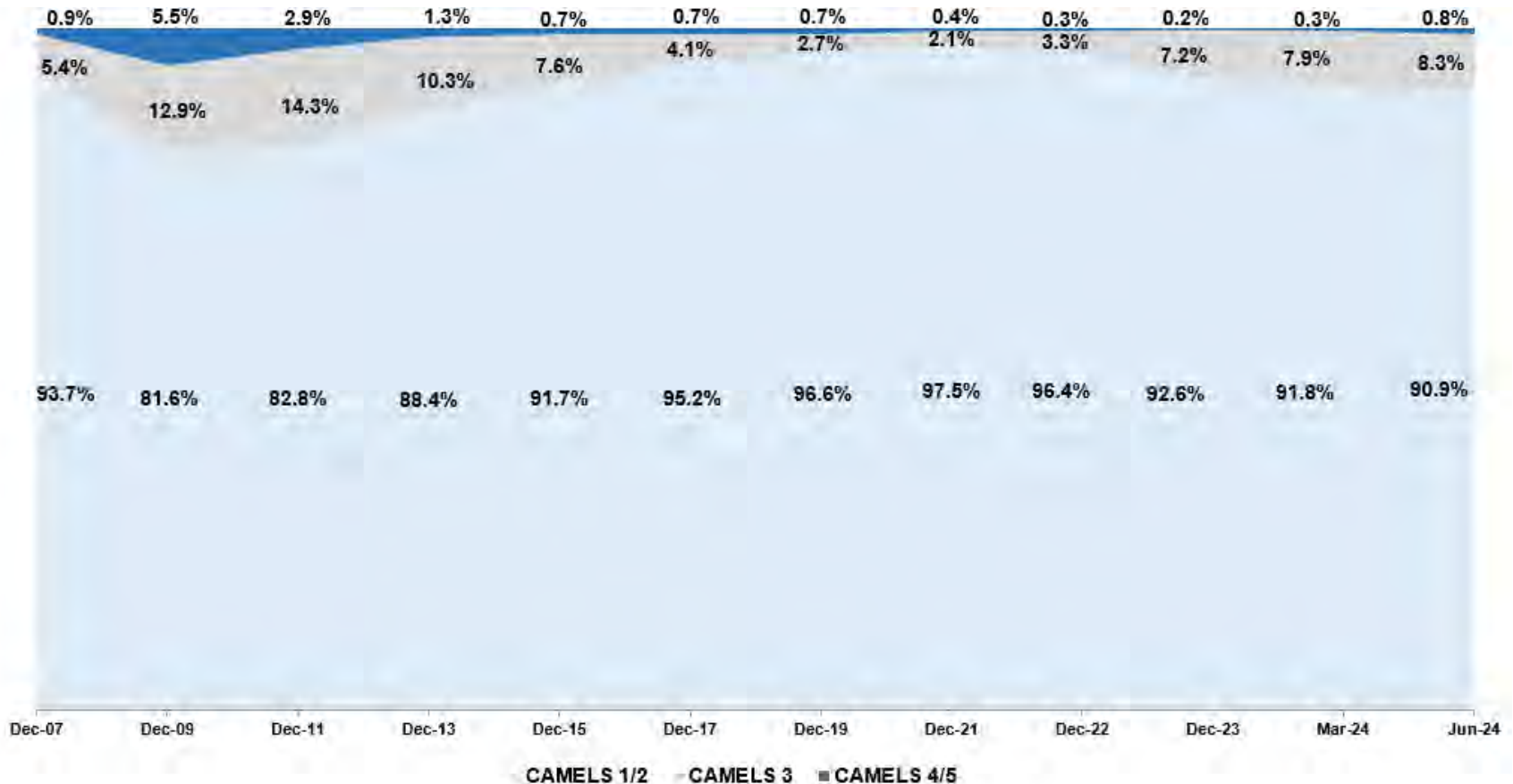
Department of Treasury policies govern investment of monies in Government Investment Accounts, and includes that:

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

Source: Treasury Financial Manual, Part II, Section 4335.95

Distribution of Assets in CAMELS Codes

CY2007 – Q2 CY2024 *



*Areas are not to scale.