2024

NCUA

ANNUAL REPORT

INDUSTRY AT A GLANCE

Prepared by the Office of External Affairs and Communications
For the year ending December 31, 2024

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:	4,455
Members:	142.3 million
Total Assets:	$2.31 trillion
Average Credit Union Assets:	$518 million
Return on Average Assets:	63 basis points
Total Insured Shares and Deposits:	$1.78 trillion
Net Income (Year-to-Date, Annualized):	$14.4 billion
Net Worth Ratio:	11.20%
Average Shares per Member:	$13,766

Loans

Total Loans:	$1.65 trillion
Average Loan Balance:	$18,410
Loan-to-Share Ratio:	84.0%
Mortgages/Real Estate:	55.4%
Auto Loans:	29.3%
Unsecured Credit Cards:	5.2%
Delinquency Rate:	98 basis points

Additional information on these key metrics can be found in the Appendix of this report.

The 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:	$22.3 billion
NCUSIF Reserves:	$237.0 million
Equity Ratio:	1.30%
Insurance Loss Expense (Reduction):	$13.2 million
Net Income:	$305.1 million
Failed Federally Insured Credit Unions: (year-to-date)	3

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 Facts

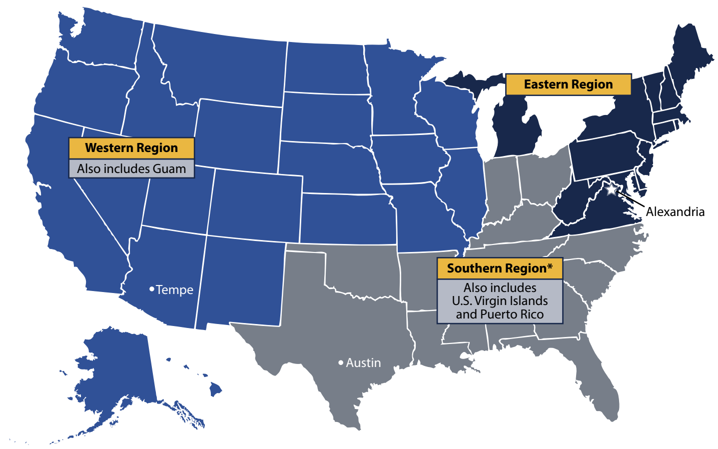
Chairman: Kyle S. Hauptman
Board Member: Todd M. Harper
Board Member: Tanya F. Otsuka

2024 Operating Budget: $374.5 million

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

Southern Region
AL, AR, FL, GA, IN, KY, LA, MS, NC, OH, OK, PR, SC, TN, TX, VI
Director: C. Keith Morton, (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

The 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, the 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, the 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 National Credit Union Administration

www.facebook.com/NCUA.gov
www.linkedin.com/company/ncua
www.twitter.com/theNCUA
www.youtube.com/@NCUAchannel

About this Report

The National Credit Union Administration's (NCUA) *2024 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 *2024 Annual Report* focuses on the NCUA's strategic goals and performance results and details the agency's major regulatory and policy initiatives, activities, and accomplishments during the January 1, 2024, through December 31, 2024 reporting period. It also contains financial statements and audit information for the four funds the 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 the NCUA's website at https://ncua.gov/news/publications-reports.

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

The 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 the NCUA's Accessibility Statement for additional information at https://ncua.gov/accessibility.

Certificate of Excellence in Accountability Reporting

The NCUA won the prestigious Certificate of Excellence in Accountability Reporting award from the AGA for its *2023 Annual Report*.

How this Report is Organized

The *2024 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 the 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 2024. It offers forward-looking information on trends and issues that will affect the credit union system and the NCUA in the coming years. The section also highlights the agency's financial results and provides management's assurances on the NCUA's internal controls.

Performance Results

The Performance Results section contains information on the agency's strategic goals, and it details the 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 the 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 2024, 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

On behalf of the National Credit Union Administration, I am pleased to present our *2024 Annual Report*.

Kyle S. Hauptman
NCUA Board Chairman
February 13, 2025

As required by the Federal Credit Union Act, this report reviews the agency's performance in 2024 and includes the audited financial statements for the NCUA's four funds:

- The National Credit Union Share Insurance Fund
- The NCUA Operating Fund
- The Central Liquidity Facility
- The Community Development Revolving Loan Fund[1]

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 applicable Office of Management and Budget (OMB) circulars.[2]

The NCUA's mission is to protect the system of cooperative credit and its member-owners through effective chartering, supervision, regulation, and insurance. This, in turn, promotes confidence in the nation's credit union system. Further, the agency insures members' share deposits at federally insured credit unions and safeguards the National Credit Union Share Insurance Fund.

Overall, the credit union system remained strong in 2024, although the NCUA continues to monitor warning signs of potential weaknesses. Namely, the agency saw signs of weak loan performance and lower earnings across the system and at specific institutions.

1 12 U.S.C. 1752a(d)
2 OMB Circulars A-11, A-123, and A-136

Despite ongoing economic uncertainty, the Share Insurance Fund and the credit union system remained well-capitalized with sufficient liquidity during the year. The agency's more notable accomplishments for 2024 are summarized below along with the NCUA's priorities in 2025.

Safeguarding the System and Reducing Regulatory Burdens

The NCUA Board is responsible for maintaining a healthy Share Insurance Fund and enabling credit unions to compete with other financial institutions while complying with applicable laws and regulations.

In July 2024, the Board approved maintaining the current 18-percent interest rate ceiling for loans made by federal credit unions for a new 18-month period from September 11, 2024, through March 10, 2026.

Looking ahead, the NCUA will work to reduce, streamline, or eliminate outdated or overly burdensome regulations where possible, so credit unions can stay competitive in the changing environment and provide affordable financial services to their members and communities.

Revamping the De Novo Chartering Process

Improving the new credit union chartering process is an agency priority. For over 90 years, forming a credit union in the United States has been the answer for hundreds of thousands of immigrants, religious groups, factory workers, and others. Access to financial services and credit can improve the economic trajectory of a family or community for generations.

To streamline the charter application process and make it more efficient, the NCUA began tracking the time from application and formal identification of a field of membership to the successful completion of the application. This information can help organizing groups plan while helping the NCUA identify areas of the process that need additional attention.

NCUA Mission

Protecting the system of cooperative credit and its member-owners through effective chartering, supervision, regulation, and insurance.

The NCUA granted four new federal charters in 2024. Updates to the Consumer Access Process and Reporting Information System (CAPRIS) and the *Chartering and Field of Membership Manual* have also provided greater clarity on the chartering and field-of-membership expansion processes to organizing groups. The NCUA will continue to focus on de novos by further improving the charter application process. We will measure our success through the creation of new, stable charters.

Fostering Financial Innovation

The NCUA is working to support credit unions use of advanced technologies, such as artificial intelligence (AI), cloud applications, distributed ledger technology, blockchain, and digital identification.

The ability to automate payments 24/7 democratizes the financial system. Digital ID technologies could permeate credit union "know-your-customer" processes and help credit unions mitigate fraud and risk. As a result, credit union members will benefit from cheaper, faster payments. Credit unions are already growing in this space, and some have identified partners to help them improve their operations and finances.

The NCUA's financial technology team is hard at work identifying and addressing barriers, challenges, and opportunities for the credit union industry to use technology in a productive and safe and sound manner. Also, the NCUA is exploring ways to leverage AI technology to increase workplace efficiencies.

Addressing the Growing Cybersecurity Threat

Securing cyberspace is a constant challenge and the significance of cybersecurity cannot be overstated, especially given the amount of highly sensitive information entrusted to credit unions by their members. The level of cybersecurity preparedness among credit unions is growing. However, credit unions must continually evolve their cybersecurity defenses; and Boards, management, and staff must remain on guard against bad actors.

NCUA Vision

Strengthen communities and protect consumers by ensuring equitable financial inclusion through a robust, safe, sound, and evolving credit union system.

NCUA Values

Integrity — Adhere to the highest ethical and professional standards.

Accountability — Accept responsibilities and meet commitments.

Transparency — Be open, direct, and frequent in communications.

Proficiency — Deploy a workforce with a high degree of skill, competence, and expertise to maximize performance.

The NCUA's Information Security Examination (ISE) program is providing the agency with a clearer picture of the state of credit union cybersecurity readiness, and the agency's Automated Cybersecurity Evaluation Toolbox (ACET) is a useful resource to help credit unions assess their level of cybersecurity preparedness.

Setting New Priorities

Priorities during my term as Chairman include:

- Streamlining the NCUA's budget
- Enhancing the clarity and efficiency of the examination program
- Developing and implementing a regulatory scheme that is easy to navigate for current and future credit unions

The NCUA Board has an obligation to responsibly steward the funds entrusted to the NCUA by the credit unions and should always consider the compliance burdens and costs credit unions shoulder daily. The budget will focus on improving the NCUA's budgeting process to ensure restraint. Such restraint is done as a normal practice by the entities NCUA regulates. We owe it to our nation's credit unions and their members to align NCUA's priorities with the difficult decisions they make every day.

A clear and efficient examination program in which all parties understand the conclusions and findings is paramount to a productive and professional relationship between the NCUA and regulated entities. The NCUA's commitment to this goal is reflected in our efforts to encourage credit unions to record exit meetings with examiners, and to collect feedback about the examination process through a post-examination survey. These surveys have yielded several great suggestions and reinforced the NCUA's commitment to process improvement and clarity.

Reevaluating our rules, modifying them as appropriate, and easing regulatory burdens where possible will be a focus area for the NCUA. Regulations must be sensible, easy to navigate, and allow groups to form new credit unions and credit unions to serve their members.

In closing, I want to extend my appreciation to Todd Harper for his past leadership as NCUA Chairman. Additionally, the agency's many accomplishments over the year were due to the dedication and professionalism of our employees and the services they provide to the public. I am honored to lead this agency.

Looking ahead, the NCUA will continue to work with 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.

Kyle S. Hauptman
Chairman
National Credit Union Administration
1775 Duke Street | Alexandria, VA 22314

Management's Discussion and Analysis (Unaudited)

About the Management's Discussion and Analysis Section

The NCUA enhanced the content quality, report layout, and public accessibility of the *2024 Annual Report* by improving graphics and providing more useful and easily understood information about the 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 the NCUA's programs. To take advantage of these links, the NCUA recommends accessing this report through the agency's website.

This section highlights information on the NCUA's performance, financial statements, systems and controls, compliance with laws and regulations, and actions taken or planned to address select challenges.

NCUA in Brief

The NCUA in Brief provides information about the NCUA's mission, an overview of its history, 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 2024.

Looking Forward

The Looking Forward section describes the trends and issues that will affect the credit union system and the NCUA in the coming years as well as actions taken by the NCUA to address any risks or uncertainties.

Performance Highlights

The Performance Highlights section provides a brief summary of the NCUA's performance goals and results for 2024. 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 the NCUA's financial results, position, and condition. Additional information for the NCUA's four funds can be found in the Financial Information section of the report.

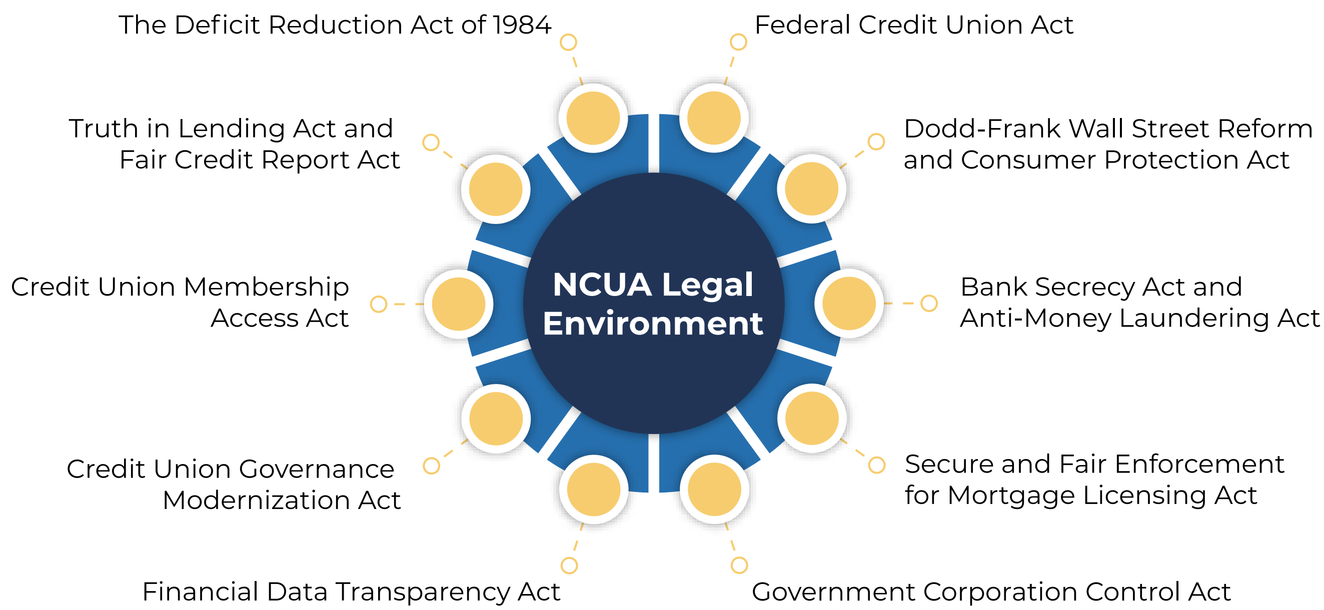
Analysis of Systems, Control, and Legal Compliance

The Analysis of Systems, Control, and Legal Compliance section provides management assurances related to the Federal Managers' Financial Integrity Act. The 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 the NCUA's business and financial processes and systems are complete, accurate, and reliable.

NCUA in Brief

Created by the U.S. Congress in 1970, the 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. 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 more than 142.3 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.

The 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 the NCUA's operations by setting policy, approving budgets, and adopting rules.[3] Besides the Share Insurance Fund, the NCUA 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.

3 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.

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. The 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*, the NCUA's strategic goals in 2024 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

The 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. The 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.

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:

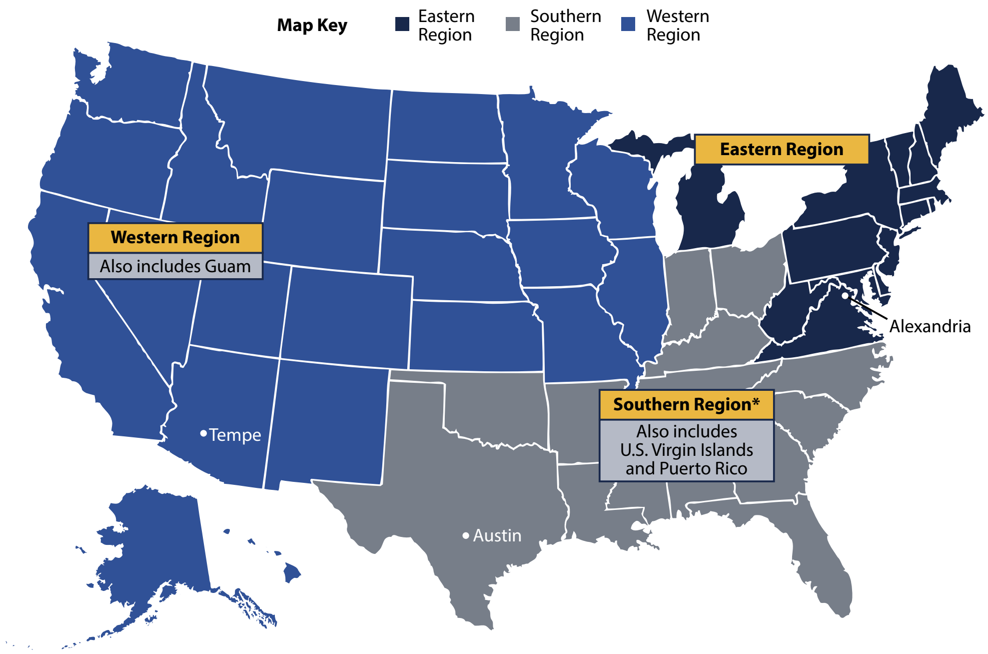
Member-owned

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.

NCUA's Regional Offices



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. The 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.

Membership

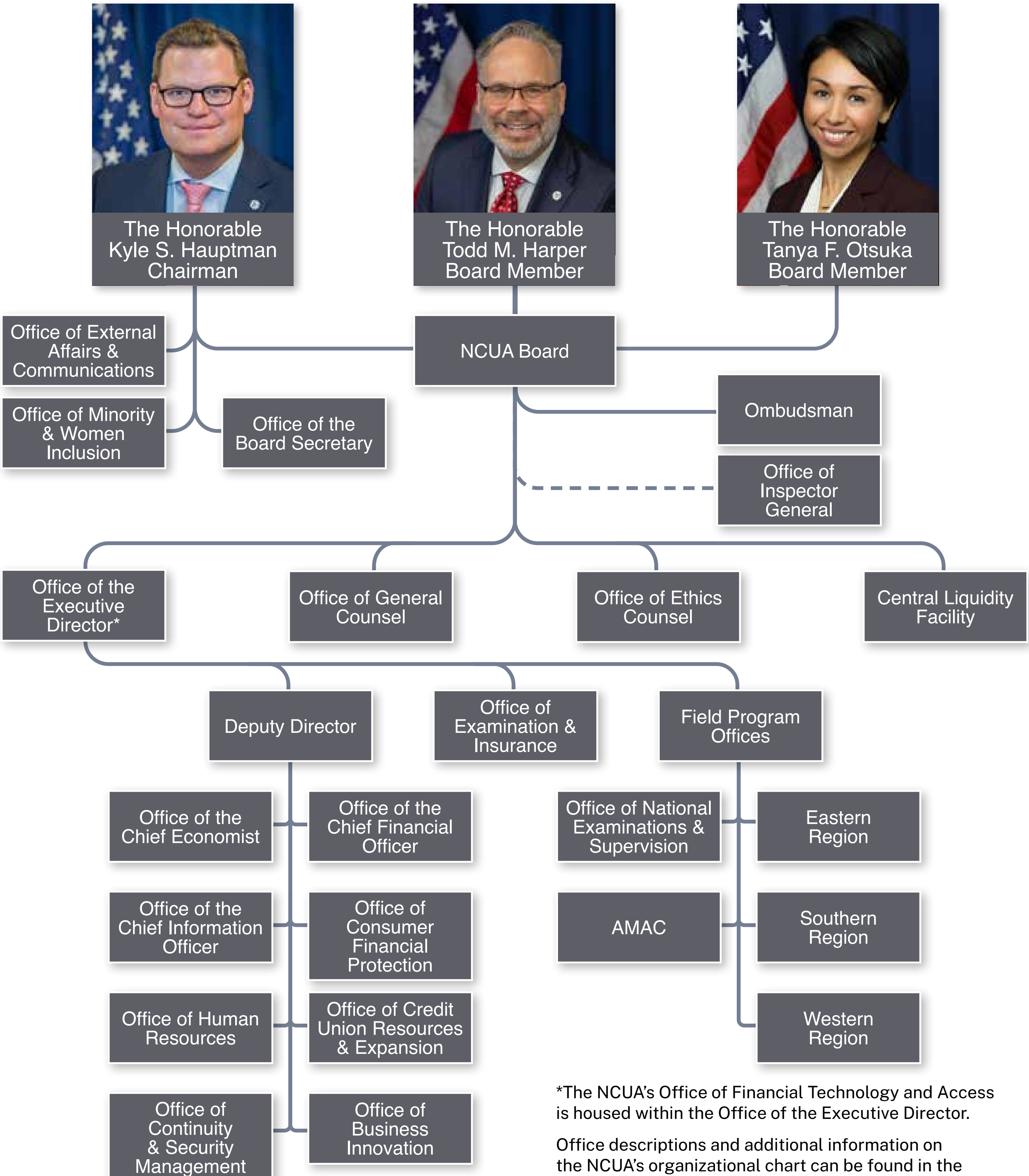
Members of a credit union share a common bond, also known as the credit union's "field of membership". You may be able to join based on your:

- 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.

National Credit Union Administration
Organizational Chart



*The NCUA's Office of Financial Technology and Access is housed within the Office of the Executive Director.

Office descriptions and additional information on the NCUA's organizational chart can be found in the Appendix of this report.

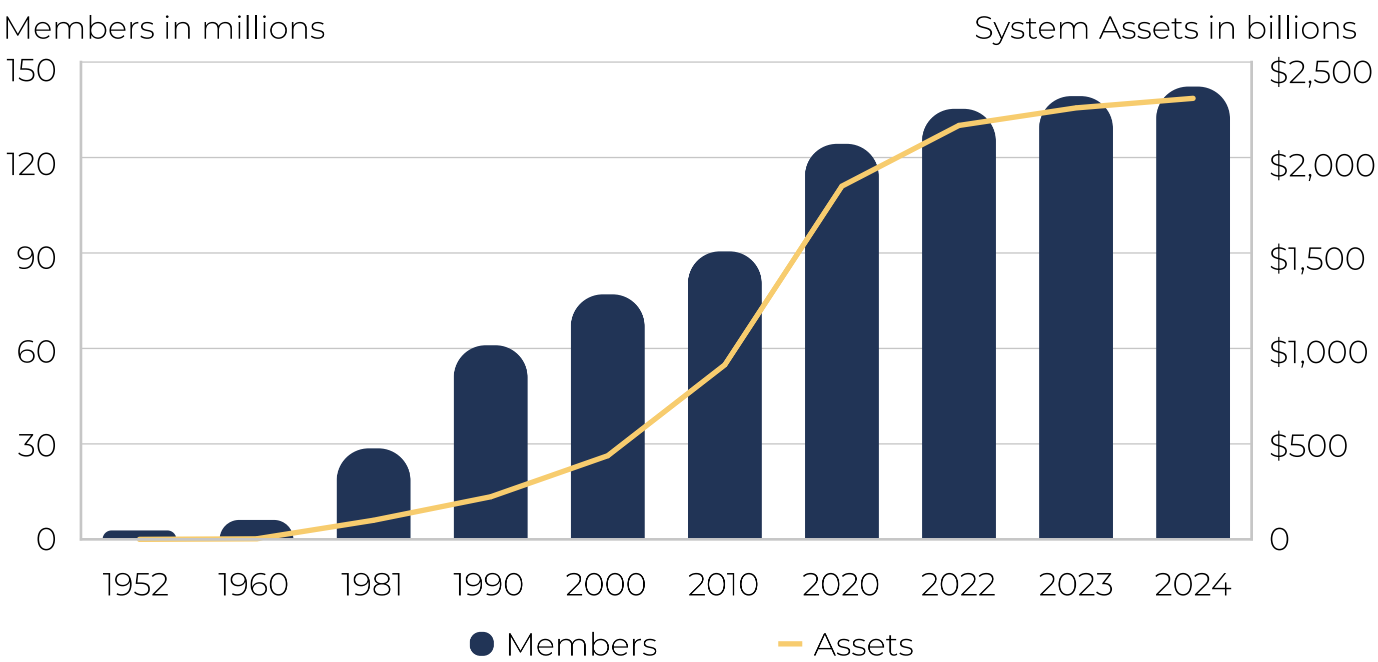
NCUA's History

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 the NCUA as an independent regulatory body. For more than 50 years, the 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, 2024, the NCUA was responsible for the regulation and supervision of 4,455 federally insured credit unions. Together, these institutions had more than 142.3 million members and approximately $2.31 trillion in assets across all states and U.S. territories.

Growth in Credit Union Members and Credit Union Systems Assets



NCUA Timeline

Here is a timeline of major events that have shaped the credit union industry and the NCUA. A full timeline of events can be found on the NCUA's **website**. A short video documenting the history of America's credit unions and the NCUA can be found on the NCUA's **YouTube Channel**.

1909

April 6, 1909 – St. Mary's Cooperative Credit Association, the first U.S. credit union, opens in Manchester, New Hampshire.

1934

June 26, 1934 – President Franklin Delano Roosevelt signs the Federal Credit Union Act into law.

October 1, 1934 – Morris Sheppard Federal Credit Union in Texarkana, Texas, becomes the first federally chartered credit union.

1948

1948 – The Federal Credit Union Division is renamed the Bureau of Federal Credit Unions and is moved from the Federal Deposit Insurance Corporation to the Federal Security Administration.

1967

1967 – Congressman John William Wright Patman of Texas introduces a bill for the creation of an independent federal regulator of credit unions. This bill, House Resolution 14030, fails to gain traction, but represents the first step in creation of what would become the National Credit Union Administration.

1970

1970 – Congress creates the National Credit Union Administration as an independent agency to charter and supervise federal credit unions. The National Credit Union Share Insurance Fund is formed, insuring share deposits at federally insured credit unions up to $20,000. Until this point, credit unions had operated without federal deposit insurance.

1974

1974 – Legislation increases insurance coverage on credit union member share deposits to $40,000.

1979

1979 – A three-member Board replaces the NCUA Administrator as the governing body for the agency after Congress amends the Federal Credit Union Act. Congress also creates the Central Liquidity Facility. This facility is similar to the Federal Reserve's Discount Window and serves a similar function as the lender of last resort for the credit union system. Share insurance coverage increases to $100,000, making it equal to the amount of deposit insurance coverage for banks provided by the Federal Deposit Insurance Corporation.

1982

1982 – Legislation grants NCUA emergency merger authority and temporary conservatorship authority.

1984

1984 – Administration of the Community Development Revolving Loan Fund is transferred to NCUA from the Department of Health and Human Services. Today, the Community Development Revolving Loan Fund provides grants and loans to low-income credit unions.

July 18, 1984 – The Deficit Reduction Act of 1984 is signed into law, recapitalizing the National Credit Union Share Insurance Fund, which had been experiencing financial stress for several years. Federally insured credit unions submit $850 million, or 1 percent of system assets, at the time to fully capitalize a new, restructured Share Insurance Fund.

1987

1987 – The NCUA adopts the CAMEL Rating System (Capital, Asset Quality, Management, Earnings and Liquidity) as its rating system for credit unions.

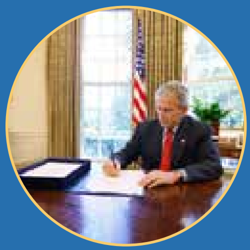
1989

1989 – The Asset Liquidation and Management Center in Austin, Texas, is created to deal with problem assets the NCUA acquires from both operating and liquidating credit unions. Over the years, the office's role expands to include providing consulting services to the NCUA regional offices on such topics as lending analysis, records reconstruction, and fraud investigation. Renamed the Asset Management and Assistance Center in 1996, it also provides training to both NCUA and state credit union examiners.

1998

August 7, 1998 – President Bill Clinton signs the Credit Union Membership Access Act into law, which restores expansion privileges and provides for multiple common-bond credit unions. The Act also requires the 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.

2008



October 3, 2008 – President George W. Bush signs the Emergency Economic Stabilization Act, creating the $700 billion Troubled Asset Relief Program and temporarily raising FDIC and NCUA deposit insurance coverage from $100,000 per depositor to $250,000 per depositor through Dec. 31, 2009.

September 30, 2008 – President George W. Bush signs the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2008, which contains provisions temporarily removing a cap of $1.5 billion on the Central Liquidity Facility, allowing the facility to borrow up to its authorized limit to lend to credit unions to meet short-term liquidity needs. The lending limit increases to $41.5 billion.

2009

May 2009 – The Temporary Corporate Credit Union Stabilization Fund was created to accrue the losses from five failed corporate credit unions and assess insured credit unions for such losses over time. The Stabilization Fund is also used to account for the costs of the Corporate System Resolution Program and provide 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 Legacy Assets.

2010

July 21, 2010 – President Barack Obama signs into law the Dodd-Frank Wall Street Reform and Consumer Protection Act that made permanent the $250,000 insurance protection for shares and deposits.

2011

June 20, 2011 – The NCUA becomes the first federal financial institutions regulator to file suit in federal court against Wall Street firms to recover losses from sales of faulty mortgage-backed securities. The agency eventually files 26 suits against 32 defendants in federal courts in California, Kansas, and New York related to corporate credit union losses. Net recoveries of these legal actions, to date, exceed $5.1 billion.

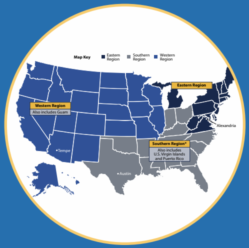
2013

January 1, 2013 – The Office of National Examinations and Supervision begins operations. This office supervises the nation's corporate credit unions and credit unions with $10 billion or more in assets.

2017

September 28, 2017 – The NCUA Board approves the closing of the Stabilization Fund on October 1, 2017, four years ahead of its sunset date of June 30, 2021.

2019



January 7, 2019 – The NCUA consolidates from five to three regions, closing the regional offices in Albany and Atlanta. The three newly reorganized regional offices are the Eastern, Southern, and Western Regions.

2020

March 16, 2020 – In response to the global coronavirus pandemic, the NCUA issues a Letter to Credit Unions that outlines several strategies credit unions may consider when determining how to address the challenges associated with COVID-19. The NCUA and other financial regulators issue a joint statement encouraging credit unions and other financial providers to work with borrowers affected by financial and economic disruptions resulting from the COVID-19 pandemic.

March 25, 2020 – The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, is signed into law in response to the COVID-19 pandemic. This law temporarily provides the NCUA Board with the power to expand access to and increase the borrowing authority for the Central Liquidity Facility and allows credit unions to provide guaranteed loans to businesses and self-employed individuals through the U.S. Small Business Administration's paycheck protection program, among other relief measures.

Year in Review

During 2024, the credit union system remained largely stable in its performance and relatively resilient against economic disruptions. By December 2024, credit union membership grew to more than 142.3 million members, assets in the credit union system increased to $2.31 trillion, and the system's aggregate net worth ratio stood at 11.20 percent, well above the 7-percent statutory level for being considered well-capitalized.

The NCUA has seen growing signs of concern in loan performance and earnings across the system and at specific institutions. This financial stress has manifested itself in the number of credit unions and the percentage of assets held by composite CAMELS code 3, 4, and 5 credit unions.[4]

Despite these challenges, the NCUA and its workforce successfully executed its congressionally mandated mission to ensure the safety and soundness of the credit union system and the National Credit Union Share Insurance Fund (Share Insurance Fund). The following is a discussion of the NCUA's significant activities in 2024, as outlined in the *2022–2026 Strategic Plan*, as well as some of the challenges facing the credit union system and the NCUA in the near future. 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 and manage the Share Insurance Fund. The NCUA also has statutory responsibility for supervising and enforcing laws and regulations that protect all credit union members of federally insured credit unions. The NCUA's primary function 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.

Maintaining a Financially Sound Share Insurance Fund

The NCUA must maintain a financially sound Share Insurance Fund to protect credit union members against unexpected losses from failed credit unions and to maintain public confidence. Sound management of the Share Insurance Fund also requires the agency to timely identify, assess, and respond to current and emerging risks through the effective execution of its examination program. As such, the NCUA's examination program focuses on the areas that pose the highest risk to the credit union system and the Share Insurance Fund.

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4 Additional information for the CAMELS rating system can be found on page 24, "What is the CAMELS Rating System?".

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.

In 2024, NCUA field staff completed 3,778 supervisory contacts and reported 564,970 examination hours, compared to 3,735 supervisory contacts and 534,195 examination hours in 2023. In 2024, exams and onsite contacts increased slightly due to a decline in industry CAMELS ratings.

For most small federal credit unions with less than $50 million in total assets and CAMELS ratings of 1, 2, or 3, the NCUA follows its Small Credit Union Examination Program. This streamlined examination program focuses on the most pertinent areas of risk in these types of institutions. The agency typically provides oversight to small credit unions with a CAMELS rating of 4 or 5 using risk-focused examinations. The NCUA's three regional offices oversee and examine consumer credit unions with less than $15 billion in assets. For credit unions with more than $50 million in total assets, the agency conducts risk-focused examinations that review areas with the highest potential risks, new products and services, and compliance with federal regulations.

The agency's Office of National Examinations and Supervision (ONES) supervises and examines consumer credit unions with $15 billion or more in assets. The large credit union program includes a continuous supervision model, including enhanced offsite monitoring and data analysis. During these examinations, field staff focus on interest rate risk; evaluate lending and credit practices; and assess information technology, cybersecurity, and payment system risks. In addition, these institutions undergo annual stress tests to assess their capital levels under a series of adverse financial and economic scenarios. The examinations conducted in large consumer credit unions with greater than $15 billion in total assets are also subject to heightened quality control that is conducted by the Office of Examination and Insurance.

ONES also supervises 11 corporate credit unions, ranging in size between $182.6 million and $7.1 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. The NCUA assesses these institutions' capital levels, interest rate risk, cybersecurity preparedness, and other critical areas.

The NCUA annually outlines its primary focus areas for its exam program. In 2024, the NCUA updated its supervisory priorities to focus its examination activities on areas that pose an elevated risk to the credit union industry and the Share Insurance Fund. The agency's supervisory priorities were:

- **Credit Risk Management** — In 2024, NCUA examiners reviewed the soundness of existing lending programs, any adjustments credit unions made to loan underwriting standards and portfolio monitoring practices, and loan workout strategies for borrowers facing financial hardships. NCUA examiners focused on any adjustments credit unions made to lending programs to address borrowers facing financial hardship and verified that any relief efforts were reasonable and conducted with proper controls and management oversight.

- **Information Security (Cybersecurity)** — Cybersecurity risks remain a significant, persistent, and ever-evolving threat to the financial system. The NCUA continued to evaluate whether credit unions have established adequate information security programs to protect members and the credit union, itself. In 2024, the NCUA utilized updated information security examination procedures that are tailored to institutions of varying size and complexity.
- **Liquidity Risks** — Increased uncertainty in interest rate levels and economic conditions heightened the need for credit unions to prepare for contingency funding needs. During 2024, examiners reviewed credit union's liquidity policies, procedures, and risk limits. Examiners also evaluated the adequacy of credit union's liquidity risk management framework relative to the size, complexity, and risk profile of the credit union.
- **Interest Rate Risks** — The tightening in U.S. monetary policy over the past two years has increased the importance of interest rate risk management at credit unions. High levels of interest rate risk can increase credit unions liquidity risks, contribute to asset quality deterioration and capital erosion, and put pressure on earnings. During 2024, examiners evaluated credit union's interest rate risk programs for key risk management and control activities.
- **Consumer Financial Protection** — Consumer financial protection remained an NCUA supervisory priority during 2024. NCUA examiners reviewed compliance with applicable consumer financial protection regulations. In 2024, examiners focused on areas related to credit unions' overdraft programs, reviewed policies and practices regarding fair lending, and reviewed credit unions' disclosures policies, and practices to assess compliance with the Truth in Lending Act.

Resolving Troubled Credit Unions

When prudent, the 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 2024, two credit unions were placed into conservatorship and as of December 31, 2024, there were a total of three credit unions operating under the NCUA's conservatorship.[5]

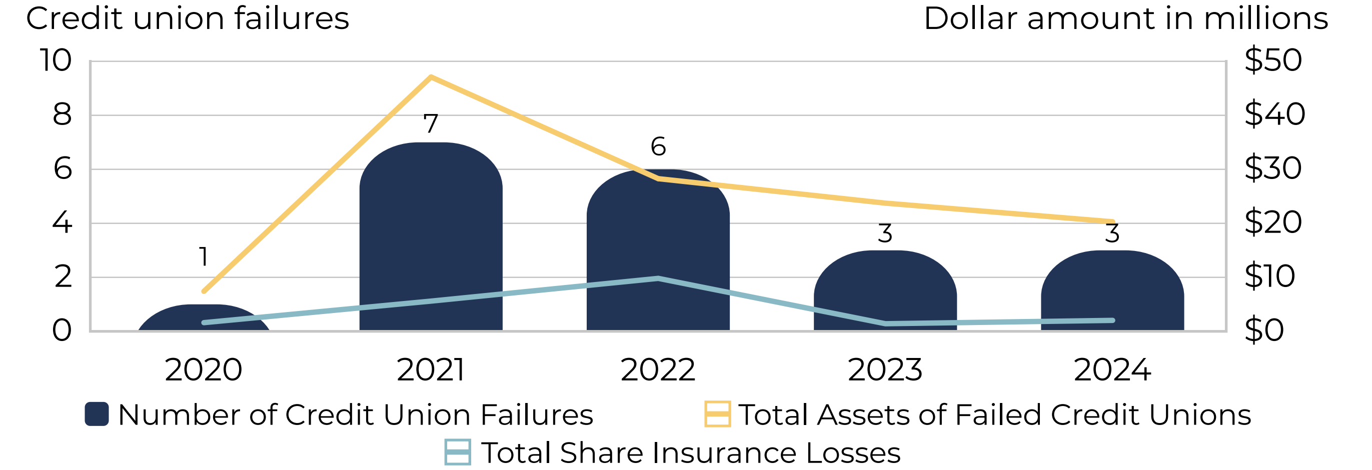
Protecting Member Deposits

The Share Insurance Fund insures member deposits at all federally insured credit unions up to $250,000. There were three credit union failures in both 2024 and 2023, respectively.

5 As of December 31, 2024, the NCUA was the conservator of Valwood Park Federal Credit Union, located in Carrollton, Texas; 1st Choice Credit Union, located in Atlanta, Georgia; and Alliance Credit Union of Florida, located in Gainesville, Florida.

The cost of these failures, or the estimated cost of resolution at the time of failure, was $2.0 million in 2024 compared to $1.4 million in 2023. The loss figure will change depending on the performance of the remaining assets of the failed credit unions. The NCUA continues to evaluate all courses of action that will maximize potential recoveries from the assets of the failed credit unions 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 (2020–2024)



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

Gross assets managed by the NCUA's Asset Management and Assistance Center, which are comprised primarily of loans, were approximately $235.9 million at the end of 2024, a decrease from $257.5 million at the end of 2023. The decrease in gross assets managed was due to the resolution of loans and real estate owned assets.

Providing Effective and Efficient Supervision

The NCUA continues working to streamline examination procedures to ensure the agency's staff carry out their responsibilities in an efficient and effective manner. The NCUA is exploring ways to harness new and emerging data, advancements in analytical techniques, innovative technology, and improvements in supervisory approaches. In 2024, the agency's research included projects relating to the use of natural language processing and robotics process automation.[6]

Cyberattacks pose significant risks to the financial system. Therefore, cybersecurity is one of the NCUA's top supervisory priorities and a top-tier risk under the agency's enterprise risk management program. The NCUA engages in interagency cybersecurity preparedness as members of the Federal Financial Institutions Examination Council and the Financial and

6 Natural language processing is a technology that enables computers to understand human language and is a key part of artificial intelligence. Robotics process automation is a technology that uses software robots to automate repetitive tasks and can help businesses save time and money.

Banking Information Infrastructure Committee. The NCUA monitors cyber threats identified by federal and non-federal sources and shares relevant information with the credit union industry and financial sector partners.

In 2024, the NCUA provided information to credit union boards of directors to help them provide oversight and governance over cybersecurity for their organizations. Additionally, the NCUA's Information Security Examination Program is providing the agency with a clearer picture of the state of credit union cybersecurity readiness, and the agency's Automated Cybersecurity Evaluation Toolbox is a useful resource to help credit unions assess their level of cybersecurity preparedness.

Using Supervisory Tools to Address Compliance Concerns

To protect the credit union system and the Share Insurance Fund from losses, the 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 160 at the end of 2023, to 153 at the end of 2024.

Outstanding Enforcement Actions at Year-end (2020-2024)

		2020	2021	2022	2023	2024
Federal Credit Unions						
Increasing Severity	Preliminary Warning Letters	30	25	23	32	21
	Unpublished Letters of Understanding and Agreement	84	76	69	72	73
	Published Letters of Understanding and Agreement	0	0	1	0	0
	Cease-and-Desist Orders	3	3	3	1	1
	Conservatorship	0	2	0	1	1
Federal Credit Union Totals		117	106	96	106	96
Federally Insured, State-Chartered Credit Unions						
Increasing Severity	Preliminary Warning Letters	4	5	5	5	4
	Unpublished Letters of Understanding and Agreement	48	46	30	40	47
	Cease-and-Desist Orders	4	6	8	8	5
	Conservatorship	2	3	1	1	1
Federally Insured, State-Chartered Credit Union Totals		58	60	44	54	57
Federally Insured Credit Unions Totals		**175**	**166**	**140**	**160**	**153**

Source: NCUA Examination Data

In 2024, the NCUA issued administrative actions prohibiting 24 individuals from participating in the affairs of any federally insured financial institution, compared to 19 issued in 2023.

Enforcing Federal Consumer Financial Protection Laws and Regulations

Equally vital to credit union members are consumer financial protection and fair and equitable access to credit. In 2024, the agency's consumer financial protection supervisory priorities included overdraft protection, fair lending, residential real estate valuation discrimination, and Truth in Lending Act and Fair Credit Reporting Act compliance.

The NCUA conducts targeted fair lending examinations and supervision at federal credit unions to assess compliance with federal fair lending laws and regulations. In 2024, the NCUA's Office of Consumer Financial Protection spent 7,441 hours examining 64 credit unions for compliance with fair lending laws and regulations.

Another part of the NCUA's enforcement of consumer financial protection laws and regulations is the Consumer Assistance Center, which receives and handles consumer complaints and does its own investigation to determine compliance with applicable federal consumer financial protection laws and regulations. During the year, the Consumer Assistance Center handled 46,051 written complaints, inquiries, and telephone calls from consumers and recorded over $1.7 million in monetary benefits for complainants.[7]

Delivering an Effective and Transparent Regulatory Framework

In 2024, the NCUA proposed or completed several changes to the NCUA's regulations to help credit unions stay competitive in the changing environment and continue to provide financial services to their members and communities. A few examples include:

- **Records Retention** — In April, the NCUA Board unanimously approved an advance notice of proposed rulemaking that solicits stakeholder comments on ways the agency can improve and update its records preservation program regulations and accompanying guidelines in 12 CFR Part 749 and other parts of the NCUA's rules and regulations. Part 749 requires all federally insured credit unions to maintain a records preservation program to identify, store, and reconstruct vital records in the event that a credit union's records are destroyed.
- **Second Chance** – In September, the NCUA Board unanimously approved a final rule that codifies Section 205(d) of the Federal Credit Union Act and incorporates the NCUA's Second Chance Interpretive Ruling and Policy Statement (IRPS 19-1) and the Fair Hiring in Banking Act into the agency's regulations. This rule allows people with convictions for certain minor or older offenses to work in the credit union industry without applying

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

for the NCUA Board's approval. Section 205(d) generally prohibits, except with the prior written consent of the NCUA Board, a person who has been convicted of or has a program entry for certain criminal offenses involving dishonesty or breach of trust from participating in the affairs of a credit union. The final rule addresses the individuals and types of offenses covered by Section 205(d) and the NCUA's procedures for reviewing a consent application.

- **Trust Accounts** — In September, the NCUA Board unanimously approved a final rule that simplifies the NCUA's share insurance regulations by establishing a "trust accounts" category. The trust accounts category would provide Share Insurance Fund coverage of funds in both revocable and irrevocable trusts deposited at federally insured credit unions in the accounts of members or those otherwise eligible to maintain insured accounts. Additionally, the final rule provides consistent share insurance treatment for all mortgage servicing account balances held to satisfy principal and interest obligations to a lender and more flexible recordkeeping requirements to explicitly allow the NCUA to look to records held in the normal course of business that are maintained by parties other than federally insured credit unions and their members.

A full listing and description of the final and proposed rules approved by the NCUA Board in 2024 is available on the NCUA's website.

Improving the Financial Well-being of Individuals and Communities through Access to Affordable and Equitable Financial Products and Services

The Federal Credit Union Act charges the NCUA with promoting access to safe and affordable credit union services for consumers of all backgrounds and income levels, including those of modest means. To support this effort, the NCUA works to foster the preservation and growth of credit unions in a changing demographic, economic, and technological landscape. The NCUA helps increase access to affordable financial services through its chartering and field-of-membership initiatives, especially for individuals and communities in rural and underserved areas.

Generally, federal credit unions can only grant loans and provide services to persons who have joined the credit union. The field of membership defines those persons and entities eligible for membership in a credit union. The table on the following page shows the number of applications to modify federal credit union fields of membership that were approved by the NCUA during the year. This will provide consumers and businesses with greater access to the national system of cooperative credit.

Expansion of Credit Union Fields of Membership (2020–2024)					
Type	2020	2021	2022	2023	2024
Multiple Common-Bond Expansion	8,329	8,681	8,861	9,433	9,467
Community Expansion	42	50	41	36	46
Community Charter Conversion	10	7	8	12	14
Underserved Area Expansion	25	54	39	47	103

The NCUA issued four new federal credit union charters in 2024, to New Jersey State Policemen's Benevolent Association Federal Credit Union in Woodbridge, New Jersey; Tribe Federal Credit Union in Minneapolis, Minnesota; Fair Break Federal Credit Union in Memphis, Tennessee; and Soul Community Federal Credit Union in Austell, Georgia.

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 affordable financial services to millions of Americans. Often, these credit unions are the only federally insured financial institutions in underserved communities. Yet, they face the challenges of increased competition, stagnant membership growth, and lagging earnings.

Small credit unions, defined as those with less than $100 million in assets, made up 60.2 percent of all federally insured credit unions. These 2,681 credit unions had 7.2 million members and held more than $78.9 billion in assets at year-end 2024.

The low-income designation is a critical component of the NCUA's efforts to support 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.

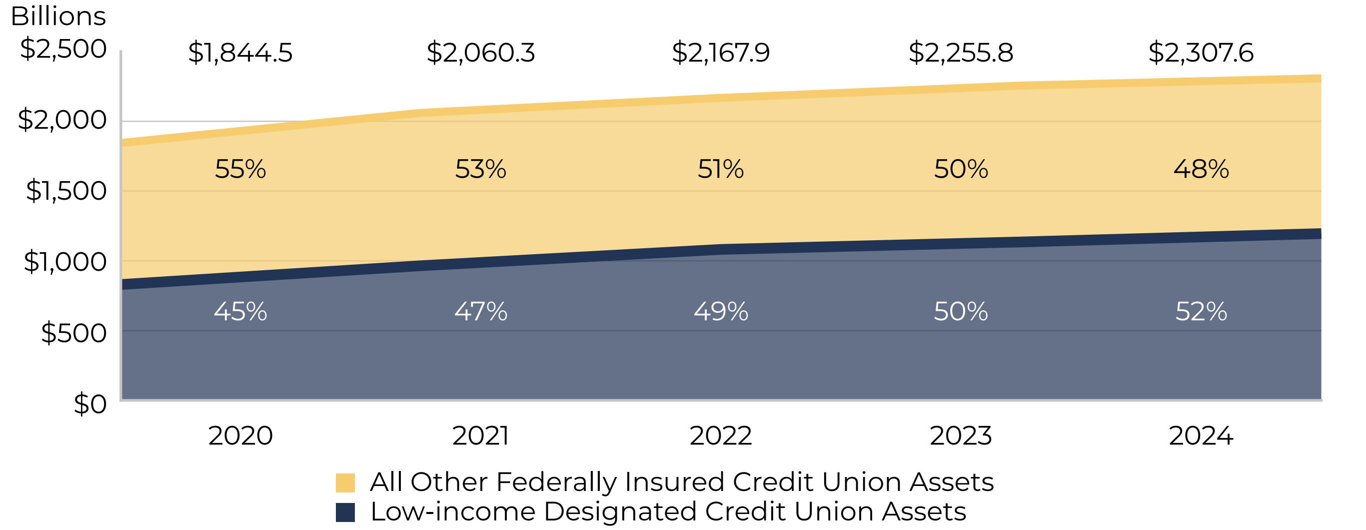
There are several benefits for credit unions that carry a low-income designation, including:

- An exemption from the statutory cap on member business lending, which expands access to capital for small businesses and helps credit unions 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.

By the end of 2024, there were 2,425 low-income credit unions, down from 2,483 at the end of 2023. This means 54.4 percent of all federally insured credit unions have a low-income designation. Low-income credit unions had 76.4 million members and $1.2 trillion in assets at the end of 2024, compared to 73.6 million members and $1.1 trillion in assets at the end of 2023.

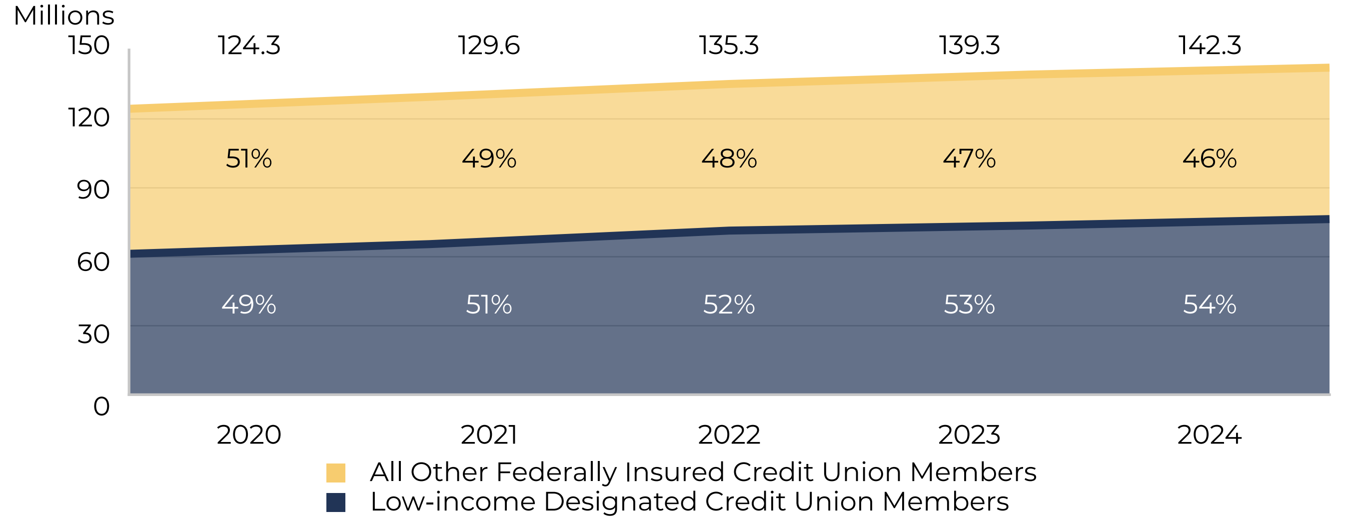
While the number of low-income credit unions has gone down over the last five years, membership and totals assets in low-income credit unions have increased at a faster rate than other federally insured credit unions as detailed in the two charts below.

Distribution of Credit Union Assets by Income Designation (2020–2024)



Source: NCUA Call Report Data

Distribution of Credit Union Members by Income Designation (2020–2024)



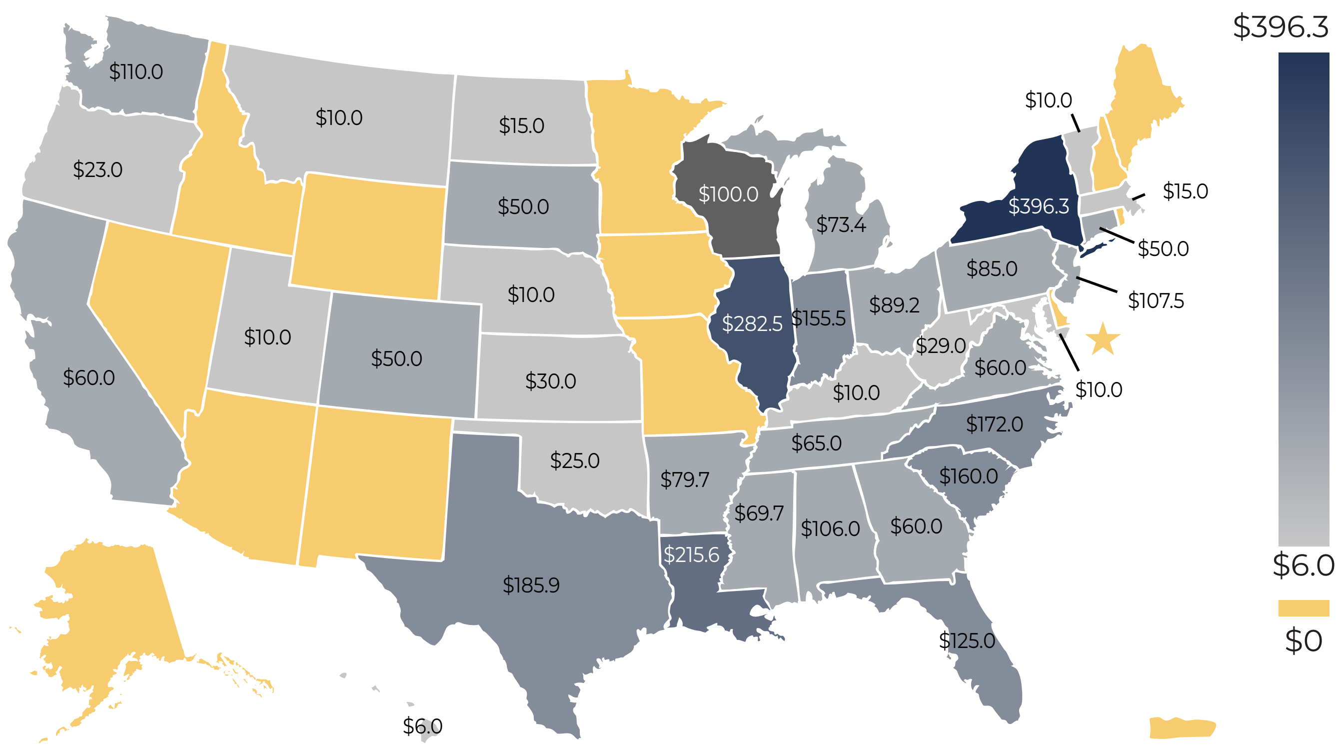
Source: NCUA Call Report Data

The NCUA provides technical assistance grants and low-interest loans to support credit union growth through the CDRLF. Low-income 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 2024, six NCUA grant initiatives focused on providing resources to address socio-economic, and technological challenges facing credit unions and their members particularly members of modest means:

- Impact Through Innovation (maximum award of $100,000);
- Underserved Outreach (maximum award of $50,000);
- Capacity Building (maximum award of $50,000);
- Consumer Financial Protection (maximum award of $10,000);
- Digital Services and Cybersecurity (maximum award of $10,000); and
- Training (maximum award of $5,000).

In 2024, the NCUA awarded more than $3.1 million in grants to 131 low-income credit unions.

Map of Technical Assistance Grants Funding by Dollar Amount (in thousands)



Source: Audited 2024 NCUA CDRLF Grant Awards Population Reports

Maximizing Organizational Performance to Enable Mission Success

The NCUA's most valuable resource is a high-quality, skilled staff. To maximize employee contributions to the NCUA's mission, the agency's team must be supported by efficient and effective processes, tools, data, and modern technology. Throughout 2024, the agency took several steps to develop its human capital and improve its systems and processes.

Delivering Improved Business Processes Supported by Secure, Innovative, and Reliable Technology Solutions and Data

In 2024, the NCUA continued its efforts to modernize its technology solutions through our Enterprise Solution Modernization Program (ESM), which supports examination, data collection, and reporting functions to improve key, integrated business processes. Modernizing the NCUA's technology facilitates greater collaboration and enhances the exchange of information between credit unions, credit union service organizations, state supervisory authorities, and the NCUA. It also allows the NCUA to proactively manage risks to the credit union system, adapt to changes in the financial services environment, and create a more effective, less burdensome examination process.

In 2024, the NCUA focused on system enhancements to MERIT and NCUA Connect to streamline the user experience. Key enhancements included refactoring the business process and MERIT based forms associated with drafting and managing issues, which greatly reduced clicks and saved examiner time. The NCUA also updated analytics dashboards to drive new efficiency in processes associated with exam scoping and loan portfolio sampling. Finally, the NCUA transitioned state supervisory authority access to NCUA Connect thereby improving security with multi-factor authentication.[8]

The NCUA's Enterprise Data Program (EDP) continued making impactful progress on the Data Reporting Solution (DRS). The DRS, part of the overarching ESM program, is focused on modernizing the NCUA's data environment and implementing an enterprise business intelligence solution. The NCUA continued integrating NCUA's legacy enterprise data and new examination data into structures optimized for analytics. The EDP continues to support and facilitate self-service use of modern business intelligence tools to gain efficiencies and new insights.

Another project under the ESM initiative is the Data Collection and Sharing Solution (DCS). In 2024, DCS developed the Stream application, a tool to track, route, evaluate, and approve credit union mergers. Stream will be piloted in 2025 and significantly increase the efficiency of NCUA processes across all regions by automating redundant tasks. It will also help in reducing errors by seamlessly auto-populating data into templates for staff.

8 MERIT, or Modern Examination and Risk Identification Tool, is the NCUA's web-based examination platform and NCUA Connect is a web-based, common entry point for authorized users to securely access NCUA applications.

Working closely with other federal agencies, the NCUA is assessing the regulatory, data collection, and data dissemination requirements of the Financial Data Transparency Act passed with the National Defense Authorization Act in December of 2022. Legal, business, and technical representatives across the NCUA actively participate in interagency meetings related to the Financial Data Transparency Act rulemaking. In addition to collaborating with Financial Stability Oversight Council agencies, the NCUA is also assessing the potential impact on credit unions, our data collection, and data sharing practices. As the joint rule is finalized, the NCUA will continue refining our impact analysis and aligning internal resources to ensure compliance with the statute.

Ensuring Sound Organizational Governance

Sound corporate governance requires integrity in financial management and appropriate stewardship of the fees paid by the credit union system to finance the NCUA's operations. It also requires maintaining efficient and effective business processes to accomplish the agency's mission and achieve its strategic goals. The NCUA maximizes its resources by continually improving its operations and strengthening its internal controls.

A foundation of sound corporate governance is the awareness of risks and the appropriate planning and investment to address those challenges or opportunities. Through the NCUA's Enterprise Risk Management (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 the NCUA's strategic objectives and provides agency leadership with a portfolio view of risk to help inform decision-making. The agency's ERM Council works collaboratively with risk leads, other agency governing councils, and subject-matter experts to optimize risk management and mitigation on a consistent and continuous basis.

Formulating the NCUA's Budget

The NCUA's budget formulation starts with reviewing the agency's goals and objectives outlined in the strategic plan and the actions planned 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 ensure strategic goals and objectives are met. Budget submissions from individual offices are structured to align resources and the workforce to the agency's priorities and initiatives.

The 2024 budget included staff resources to provide greater assistance to small credit unions; investments to expand ongoing efforts to ensure robust cybersecurity in the credit union system and at the agency; and critical investments in new information technology systems and infrastructure.

Given the agency's unique financing authorities, the NCUA Board 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. The Board balances the need for robust and effective supervision and insurance operations with the responsibility to be good stewards of fees collected from the credit union system and ultimately paid by credit union members.

As required by law, the NCUA makes its draft budgets available for public comment in the ***Federal Register*** and on its **website** to solicit public comments before presenting final budget recommendations for the Board's approval. The NCUA is the only Financial Institutions Reform, Recovery, and Enforcement Act agency that publishes a detailed draft budget and solicits public comments at a meeting with its Board or other agency leadership.

Annually, the 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 ensures that all offices within the NCUA are responsible for ensuring sound management practices.

Looking Forward

In 2024, the NCUA focused on ensuring the credit union system and the Share Insurance Fund adapted to the evolving financial landscape while concentrating on the areas of greatest risk to credit unions, their members, and the broader system. This focus will continue into 2025.

Combating Growing Cyberthreats

Malware, ransomware, distributed denial of service attacks, and other forms of cyber intrusion affect credit unions of all sizes and will require ongoing measures for containment. These trends will continue, and even accelerate, in the future.

Electronic payment systems remain attractive targets to cybercriminals. As such, credit unions should take a strategic risk management approach, including continually hardening, monitoring, and improving the security of their networks, as well as reviewing and mitigating risk within their respective supply chains.

The NCUA's supervisory priorities continue to include cybersecurity, and the agency remains focused on advancing consistency, transparency, and accountability within its information technology and cybersecurity examination program.

Adapting to Technology-Driven Changes to the Financial Landscape

The credit union industry is also expanding the use of emerging and innovative technology to improve operational efficiencies and provide financial services to its members. Third-party vendors and credit union service organizations are rapidly developing new technology tools to expand access to affordable, fair, and equitable financial products and services. The NCUA is focused on helping federally insured credit unions address barriers and identify opportunities to use technology to meet their members financial needs. Examples of technology tools being used include generative AI, distributed ledger technology, blockchain technology, and cloud computing. Credit unions are using technology tools to connect to unbanked and underbanked communities, address communication barriers, and provide needed financial services through digital delivery channels. While the use of technology offers many promises for enhancing and expanding member services, credit unions must be vigilant in identifying and managing the risks associated with emerging technologies.

Technological advances outside the financial sector may also lead to changes in consumer behavior indirectly affecting credit unions. Many of these trends have accelerated in recent years, resulting in a profound reshaping of consumer behaviors. For example, the increased use of on-demand auto services and the potential for pay-as-you-go on-demand vehicle rentals could reduce purchases of consumer-owned vehicles. This trend could lead to a potential slowdown or reduction in the demand for vehicle loans, which comprise slightly more than a third of the credit union system's loan portfolio.

Emerging and innovative financial technologies, including decentralized finance applications, distributed ledger technology, digital assets, and cryptocurrency, present opportunities and risks to the credit union system. The NCUA is committed to supporting the credit union system as it navigates the changes financial technology and other innovations are bringing to the financial services industry. The agency must identify financial services industry risks and opportunities as well as marketplace developments that prompt regulatory or policy changes that facilitate the industry's effective and responsible adoption of emerging financial technology. Initiatives include exploring methods to enhance the examination and supervision process and to promote the development and deployment of technologies and innovations that can expand financial inclusion and equitable and affordable consumer access within the credit union system.

Near-Term Economic Outlook

The U.S. economy expanded at a healthy rate during 2024, with consumers providing a significant amount of forward momentum despite elevated interest rates and prices. Real GDP increased by 2.5 percent over the four quarters of the year, in line with the average pace of growth during the previous economic expansion from mid-2009 through the end of 2019. Employment growth moderated compared with the prior year, but the average monthly pace of hiring in 2024 remained strong by historical standards. The unemployment rate edged higher in the first half of 2024 but was little changed in the second half, ending the year at 4.1 percent.

Inflation fell further in 2024. In December, consumer price inflation stood at 2.9 percent on a 12-month basis, down from 3.4 percent in December 2023. Interest rates also declined. With inflation moving closer to the Federal Reserve's 2-percent target and labor market conditions softening, Federal Reserve policymakers lowered the range for the federal funds target rate by 100 basis points, from a two-decade high of 5¼ to 5½ percent, to 4¼ to 4½ percent. Short-term market interest rates followed the federal funds target rate lower. The 3-month Treasury rate, which peaked near 5.6 percent in late 2023, ended 2024 at 4.4 percent. Longer-term interest rates also backed off late-2023 peaks. The 10-year Treasury rate fell roughly 40 basis points between mid-October 2023 and the end of 2024 to 4.6 percent.

Solid job and wage growth and relatively low unemployment supported consumer spending throughout the year; however, performance in key sectors for credit unions was mixed. Sales of new motor vehicles rose by 2 percent in 2024. In contrast, elevated mortgage rates and home prices along with low inventories of homes for sale, continued to weigh on housing activity and home sales were little changed.

The credit union system remained sound in 2024. Federally insured credit unions added 3.1 million members in 2024, boosting credit union membership to 142.3 million. Credit union assets rose by 2.3 percent over the four quarters of the year to $2.31 trillion, and total loans outstanding increased 2.6 percent to $1.65 trillion. Residential real estate loans outstanding at all credit unions increased by 5.7 percent over the four quarters of 2024. In contrast, credit union auto loan balances contracted by 3.3 percent. Loan performance deteriorated. The system-wide delinquency rate rose 15 basis points over the year to 98 basis points in the fourth quarter of 2024. Credit union shares and deposits grew by 4.2 percent over the year to $1.96 trillion in the fourth quarter. Credit unions remained well-capitalized through the end of 2024. The credit union system's net worth ratio for prompt corrective action stood at 11.20 percent in the fourth quarter, compared with 10.95 percent in the fourth quarter of 2023. Liquidity fell sharply in 2022 from the elevated levels reached in late 2020 and early 2021 but improved for a second straight year in 2024. Cash and short-term investments as a percentage of assets rose to 12.2 percent in the fourth quarter from 11.5 percent in the fourth quarter of 2023, reflecting 9 percent growth in cash and short-term investments.

Managing Interest Rate Risk and Liquidity Risk

Although the outlook for the coming year is generally favorable, credit unions could face challenges. If economic conditions weaken and unemployment rises, credit unions could experience reduced loan demand and higher credit risk. In fact, auto loan and credit card delinquencies were elevated at the end of 2024 compared with pre-pandemic levels. The credit card delinquency rate exceeded its peak during the Great Recession — a concerning development given the relatively low level of unemployment.

Credit unions must also be mindful of interest rate risk, particularly in a changing interest rate environment. In 2023, rising short-term interest rates put pressure on credit unions to raise deposit rates to avoid deposit attrition. The recent decline in short-term interest rates should reduce pressure on credit union funding costs and liquidity. Longer-term rates have also eased, however, putting downward pressure on credit union loan rates. The net effect on credit unions' net interest margin and net income will depend in large part on balance sheet composition. In the aggregate, the return of a positive term spread after several years of being negative would be a favorable development, boosting net interest margins and net income. However, inflation expectations started to rise in late 2024 and early 2025. Higher-than-expected inflation going forward has implications for monetary policy and the path of interest rates. A significant increase in inflation could cause interest rates to rise.

Credit unions' ability to manage and mitigate economic and interest rate risks will continue to be important to their success in 2025.

Declining Membership in Small Credit Unions

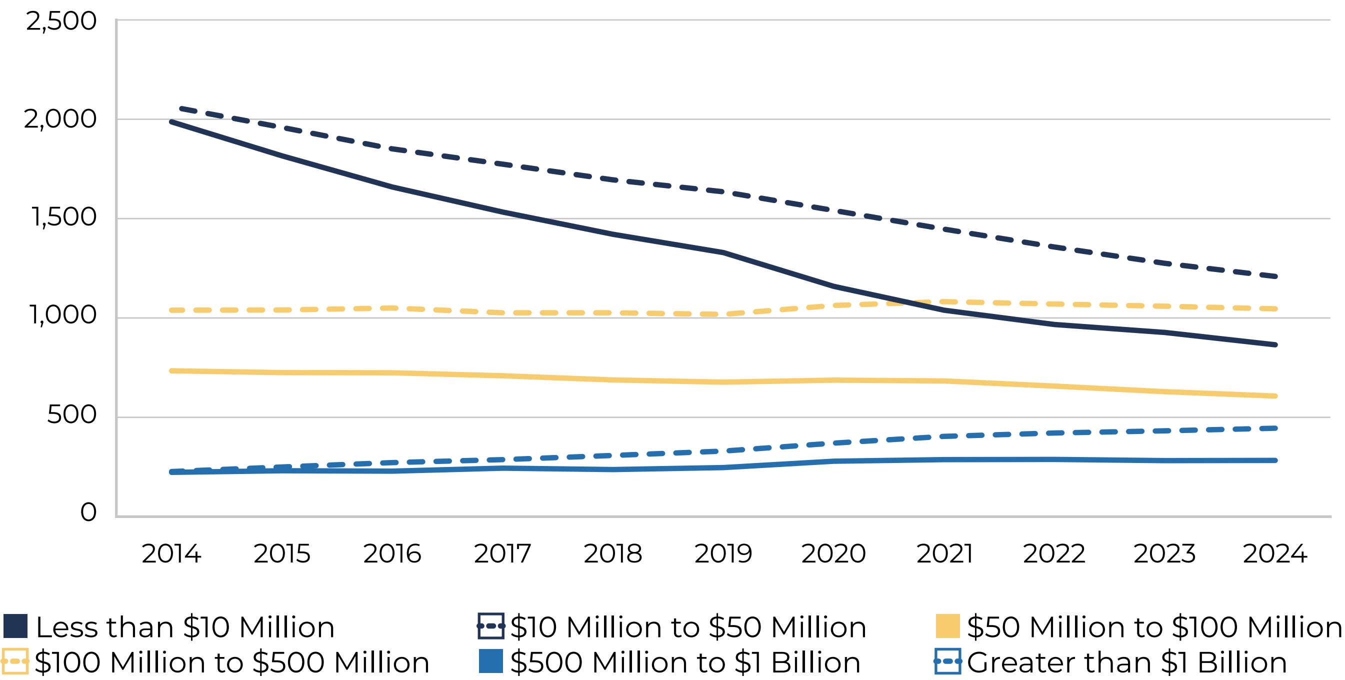
While overall credit union membership continues to experience strong growth, about half of federally insured credit unions had fewer members at the end of 2024 than a year earlier. This is a long-term trend, as smaller credit unions often lack the resources to provide technology, products, and services that many consumers expect from a financial provider. As such, all credit unions need to consider whether their product mix is consistent with their members' needs and demographic profiles. For example, in some areas, to be effective, credit unions may need to explore how to meet the needs of an aging population or an increasing consumer population more comfortable with using digital services.

The NCUA provides an array of technical assistance to smaller credit unions, including chartering and field-of-membership expansions, grants and loans, and training. The NCUA will also continue to foster an environment where those with low-to-moderate incomes, people with disabilities, and the otherwise underserved have access to safe, fair, and affordable financial services.

Small Credit Unions, Challenges, and Industry Consolidation

Small credit unions face challenges to their long-term viability for several reasons, including lower returns on assets, declining membership, high loan delinquencies, increasing non-interest expenses, and a lack of succession planning for credit union boards and key personnel. As the consolidation trend continues there will be fewer credit unions in operation, and those that remain will be considerably larger and more complex. In the fourth quarter of 2024, there were 728 federally insured credit unions with assets of at least $500 million, 26 percent more than five years earlier. These 728 credit unions represented only 16 percent of all federally insured credit unions but accounted for 83 percent of credit union members and 86 percent of system-wide assets. In comparison, the remaining 3,727 credit unions accounted for only 17 percent of credit union members and 14 percent of the system's total assets.

Number of Credit Unions by Asset Class at Year-end (2014–2024)



Source: NCUA Call Report Data

Large credit unions tend to offer more complex products, services, and investments. Increasingly complex institutions will pose management challenges for the institutions themselves and the NCUA, because consolidation means the risks posed by individual institutions will become more significant to the Share Insurance Fund.

The NCUA is committed to improving the new credit union chartering process. In 2024, the NCUA launched the Consumer Access Processing and Reporting Information System to provide multiple common bond credit unions a more streamlined process for applying for expansions. Our goal is to provide the same system support for new charter applicants. The NCUA will continue to focus on new charter applicants by further facilitating and streamlining the charter application process and will measure our success through the creation of new, stable charters.

Monitoring the Share Insurance Fund's Equity Ratio

The Share Insurance Fund is capitalized through a combination of credit union funds held on deposit and retained earnings. The NCUA Board is required, by law, to maintain a strong Share Insurance Fund, which is backed by the full faith and credit of the United States. This fund insures individual accounts up to $250,000. As of December 31, 2024, the Share Insurance Fund protected $1.78 trillion in insured shares and deposits across all states, the District of Columbia, and U.S. territories.

The Share Insurance Fund's equity ratio is the overall capitalization of the fund to protect against unexpected losses. Any incident, like a significant credit union failure, that drops the equity ratio below 1.0 percent would result in a direct expense to credit unions through the impairment of the 1.0 percent capital deposit they contribute to the fund, which credit unions have recorded as an asset on their balance sheets. Additionally, if the equity ratio falls below 1.20 percent, or is expected to within six months, the Federal Credit Union Act requires the NCUA Board to assess a premium on federally insured credit unions to restore the fund to at least 1.20 percent or adopt a fund restoration plan.

Conversely, when the equity ratio exceeds the normal operating level — or the desired equity level of the Share Insurance Fund set between 1.20 percent and 1.50 percent — the Share Insurance Fund pays a distribution if the other statutory requirements are met. For the period ending December 31, 2024, the equity ratio for the Share Insurance Fund is 1.30 percent, slightly below the 1.33 percent normal operating level set by the NCUA Board. The Share Insurance Fund continues to perform well, with no premiums or distributions expected at this time.

Enhancing the Examination Program

The NCUA continues working to streamline examination procedures to ensure the agency's staff carry out their responsibilities in an efficient and effective manner. The agency is exploring ways to harness new and emerging data, advancements in analytical techniques, innovative technology, and improvements in supervisory approaches. By identifying and adopting alternative methods to remotely analyze much of a credit union's financial and operational condition, with equivalent or improved effectiveness relative to current examinations, it may be possible to reduce the frequency and scope of onsite examinations.

Performance Highlights

The performance information contained in this report is organized around the strategic goals and objectives identified in the NCUA's *2022–2026 Strategic Plan*. The strategic plan outlines our efforts to protect the system of cooperative credit and its member-owners through effective chartering, supervision, regulation, and insurance. The strategic goals and objectives outlined below serve as the foundation for all the agency's operations.

NCUA'S 2022-2026 Strategic Plan: Vision, Mission, and Goals

Vision Strengthen communities and protect consumers by ensuring equitable financial inclusion through a robust, safe, sound, and evolving credit union system.

Mission Protecting the system of cooperative credit and its member-owners through effective chartering, supervision, regulation, and insurance.

Strategic Goal 1

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

- **1.1** Maintain a financially sound Share Insurance Fund
- **1.2** Provide effective and efficient supervision
- **1.3** Ensure compliance with and enforcement of federal consumer financial protection laws and regulations at credit unions
- **1.4** Ensure NCUA-insured credit unions can appropriately manage emerging opportunities and risks, including cybersecurity and climate-related financial risk
- **1.5** Ensure NCUA policies and regulations appropriately address emerging and innovative financial technologies, including digital assets

Strategic Goal 2

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

- **2.1** Enhance consumer access to affordable, fair, and federally insured financial products and services
- **2.2** Support and foster small, minority, low-income, and new credit unions

Strategic Goal 3

Maximize organizational performance to enable mission success

- **3.1** Attract, develop, and retain an engaged, high-performing, diverse workforce within an inclusive, professional environment
- **3.2** Deliver improved business processes supported by secure, innovative, and reliable technology solutions and data
- **3.3** Ensure sound organizational governance

Managing Performance

The NCUA's strategic plan is the foundation of the agency's performance management process. The strategic plan defines the agency's mission, long-term goals, planned strategies, and the approaches the NCUA will use to monitor its progress addressing the challenges and opportunities related to our mission.

The ***Annual Performance Plan*** functions as the agency's operational plan. It outlines our annual or short-term objectives, strategies, and corresponding performance goals that contribute to the accomplishment of the NCUA's established strategic goals.

The NCUA's three strategic goals are supported by ten strategic objectives. These objectives contribute to the broader impact described for each strategic goal and indicate how the strategic goal will be achieved. Accomplishment of these objectives is assessed by 16 performance goals, which are measurable outcomes of what the 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 2024, senior executives submitted quarterly data on the progress made toward achieving the performance indicators and 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 and these results are the basis for the performance information presented in this report.

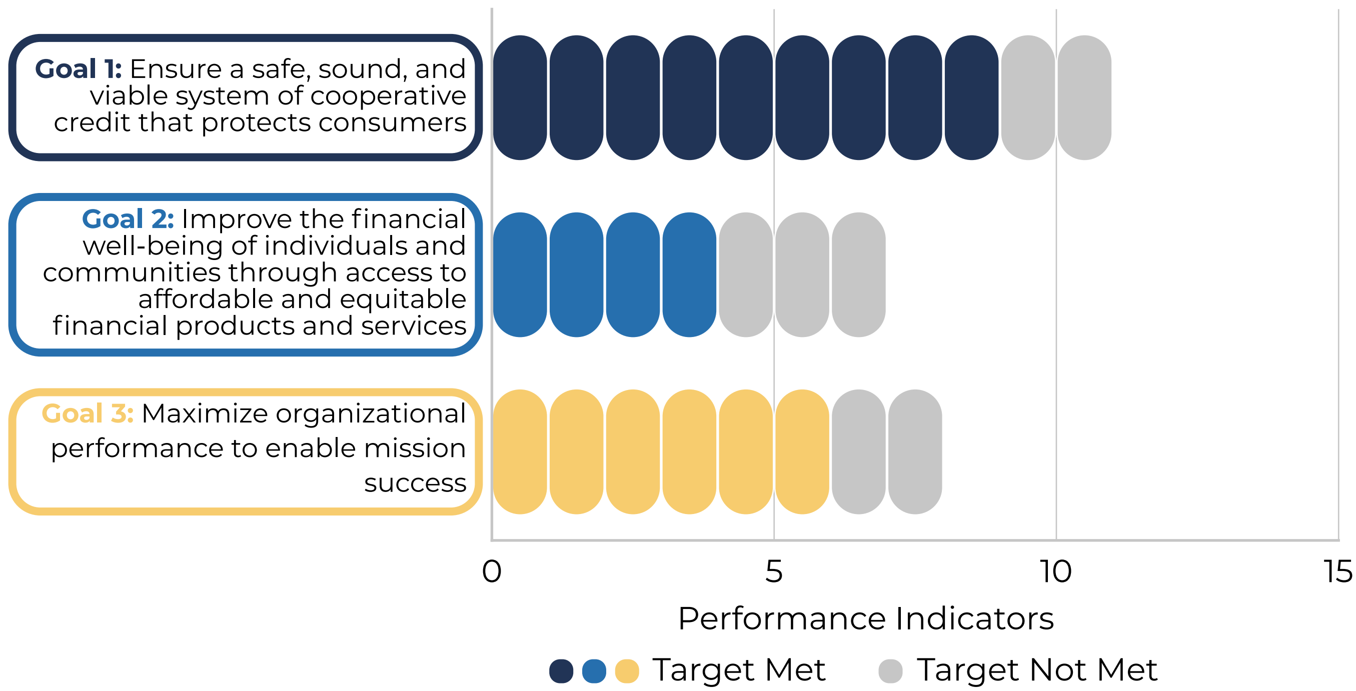
Performance at a Glance

The NCUA identified 26 performance indicators to help evaluate and assess 2024 progress towards the goals stated in the *2022–2026 Strategic Plan*.[9] The agency made steady progress against the goals it set during the year, meeting or exceeding the target for 19 of the 26 performance indicators.

9 The agency initially established 27 performance indicators for 2024; however, one indicator was removed in accordance with Executive Order 14151.

The NCUA's overall performance in 2024 is summarized in the following chart. The performance indicators are grouped by strategic goal. The Performance Results section of this report includes a complete discussion of the agency's progress toward meeting these goals and objectives and discusses causes of variance or changes in trends for each performance indicator where the target was not met.

2024 Performance by Strategic Goal



Source: NCUA Performance Data

Target Met	The 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 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.

Resource Allocation by Strategic Goal

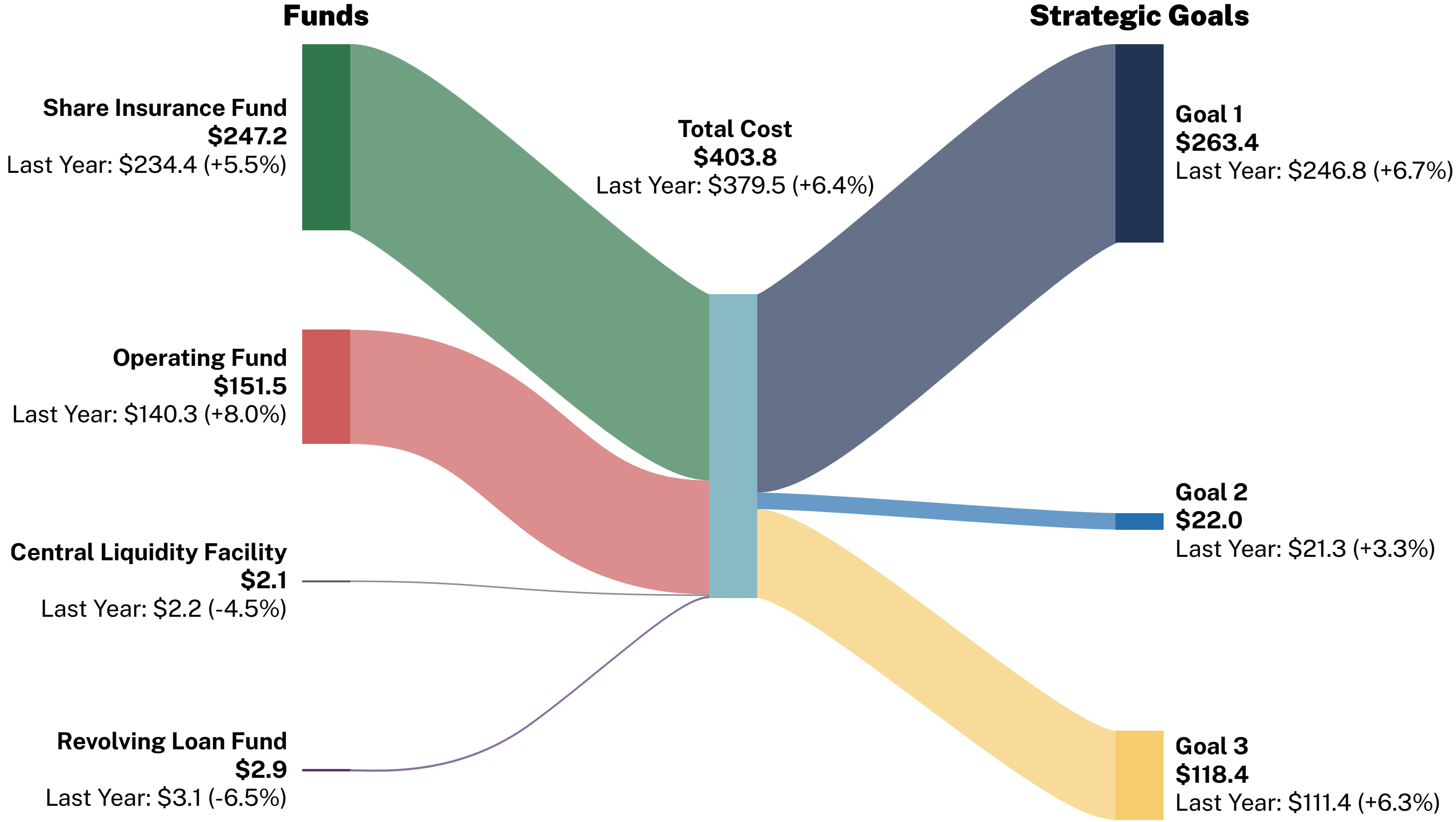
As part of the agency's continued efforts to strengthen its planning and budgetary processes, the development of the agency's annual performance plan and budget occurs simultaneously. This link between resources and performance helps the NCUA focus on accomplishing its priorities while assessing the related cost and benefits. The performance goals outlined in the strategic plan provide a framework for the development of both the budget request and the annual performance indicators and targets.

As shown in the chart on the next page, the NCUA's total costs for 2024 were $403.8 million, a 6.4 percent increase from 2023. 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.

The NCUA allocates costs by aligning annual expenditures for each program function to the corresponding strategic goal and proportionally allocating general and administrative costs across all three strategic goals. In 2024, the agency allocated the majority of total costs, $263.4 million, for Strategic Goal 1-related programs, a 6.7 percent increase from $246.8 million in 2023. Strategic Goal 1-related programs include the costs associated with administering the agency's supervision, examination, and insurance functions. The NCUA allocated $22.0 million in 2024 for Strategic Goal 2-related programs, which includes the costs associated with administering the agency's credit union development and chartering functions. This is a 3.3 percent increase from $21.3 million in 2023. The NCUA allocated $118.4 million for Strategic Goal 3-related programs in 2024, a 6.3 percent increase from $111.4 million in 2023. Strategic Goal 3 is largely comprised of costs associated with the agency's human capital and information technology programs.

At the end of 2024, the NCUA had 1,211 employees on board. The majority of the NCUA's workforce in 2024 was allocated to Strategic Goal 1, followed by Strategic Goal 3.

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



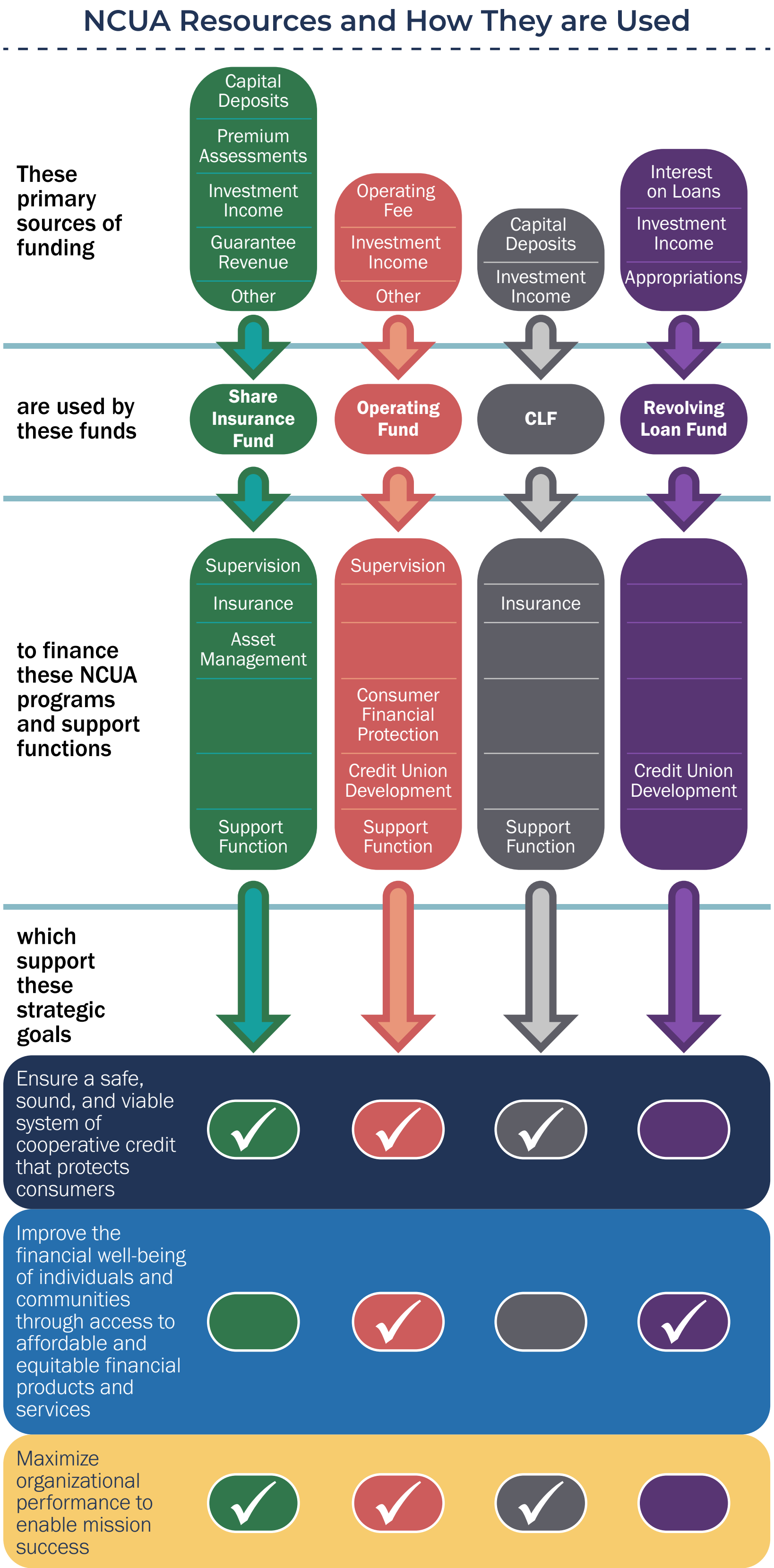
Strategic Goal 1
Ensure a safe, sound, and viable system of cooperative credit that protects consumers

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



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 the NCUA's mission to provide a safe and sound credit union system.

As a federal financial institutions' regulator, the NCUA is committed to transparency, accountability, and effective stewardship. As a demonstration of this commitment, our independent auditor issued the NCUA an unmodified or "clean" audit opinion on all fund financial statements for the years ended December 31, 2024 and 2023.[10]

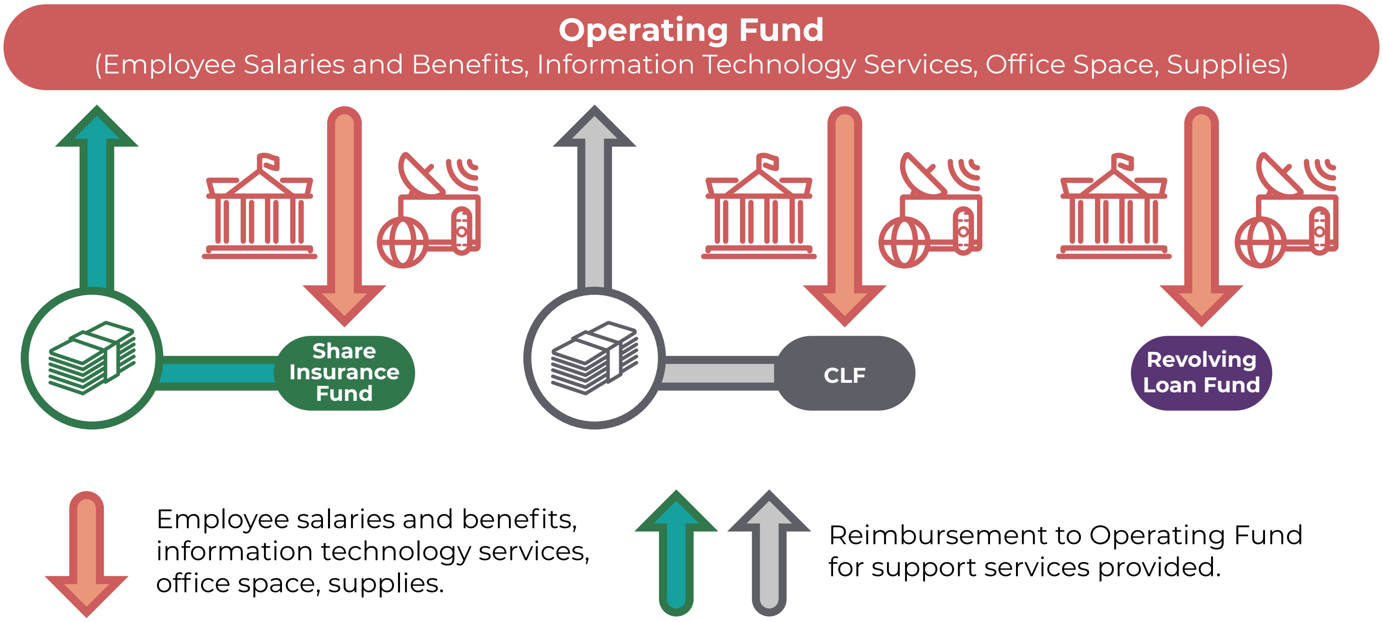
The following highlights provide an overview of the NCUA's 2024 financial statements. The complete financial statements, including the independent auditors' reports, are located in the Financial Information section of this report.

10 The Federal Credit Union Act provides the overarching legal requirements regarding the 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. The NCUA files its four separately audited financial statements as Annual Management Reports per the Government Corporation requirements under OMB Circular A-136.

How the Funds Support the NCUA 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 the NCUA 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 142.3 million members at federally insured credit unions up to $250,000. As of December 31, 2024, the Share Insurance Fund insured 4,466 credit unions, with insured member shares reaching $1.78 trillion.[11] These federally insured credit unions held approximately $2.31 trillion in total assets at the end of 2024.

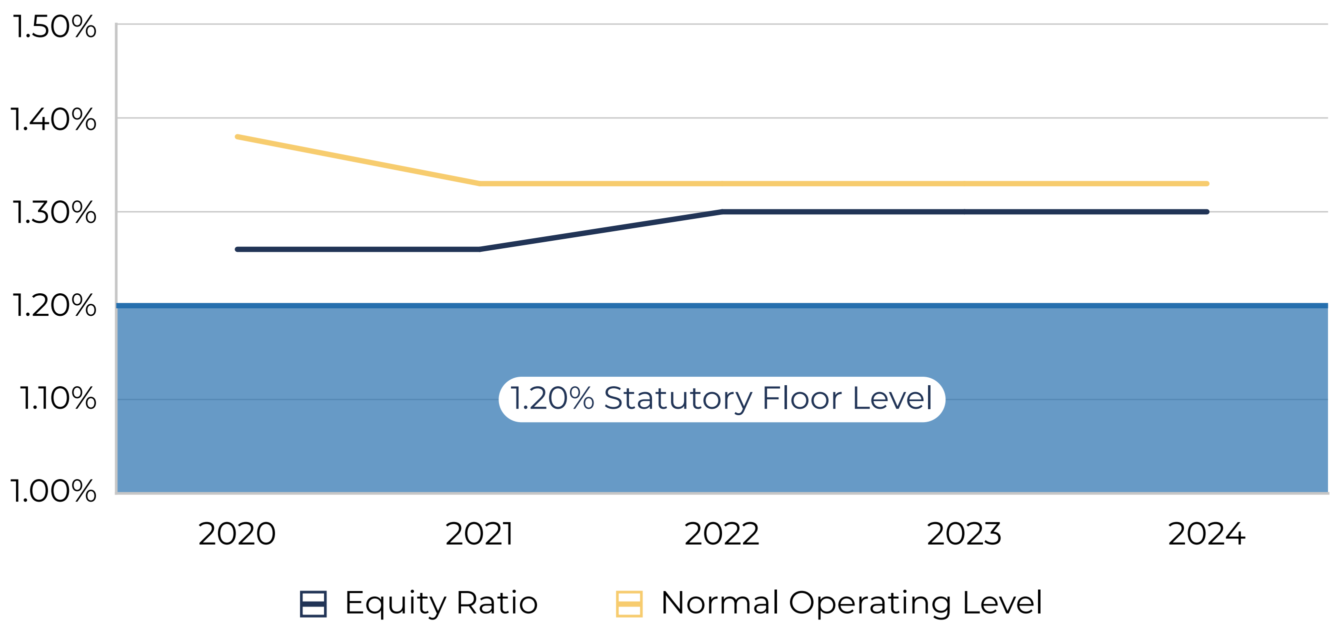
11 As of December 31, 2024, the Share Insurance Fund insured 4,455 consumer credit unions, or natural-person credit unions, and 11 corporate credit unions. Natural-person credit unions provide financial services primarily to individual people, as opposed to corporate credit unions which provide financial services to natural person credit unions.

The financial performance of the Share Insurance Fund can be measured by comparing the equity ratio 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 both 2024 and 2023.[12]

The equity ratio is the overall capitalization 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 available assets ratio 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, 2024, and 2023; this was below the established NOL of 1.33 percent. The NCUA Board did not declare or pay a distribution to insured credit unions in 2024 or 2023.

Equity Ratio to Normal Operating Level (2020–2024)



Source: NCUA Call Report Data and Audited Financial Statements

12 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.

The Share Insurance Fund's net position is comprised of capitalization deposits, which represent the total balance of all federally insured credit unions' 1.0 percent capitalization deposits and cumulative results of operations. The Share Insurance Fund ended 2024 with a net position of $22.1 billion, an increase of 4.2 percent, or $0.9 billion, from 2023, which was primarily due to investments: higher interest rates in 2024 contributed to a reduction in net unrealized losses and an increase in interest revenue from investments in 2024.

Share Insurance Fund Financial Position

Total Assets	Total Liabilities	Net Position
$22.3b ↑	$242.1m ↑	$22.1b ↑
Last Year: $21.4b +4.3%	Last Year: $213.1m +13.6.%	Last Year: $21.2b +4.2%

In accordance with the Federal Credit Union Act, the NCUA invested its capitalization deposits collected from all member credit unions in U.S. Treasury securities and earned interest revenue of $565.0 million in 2024, an increase of $133.2 million from 2023. 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 years ending on December 31, 2024 and 2023, was 2.49 percent and 1.98 percent, respectively, and reflects an increase in the weighted average maturity of U.S. Treasury securities from 2.3 years to 2.5 years. Investments in U.S. Treasury securities account for approximately 99.1 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. The provision for insurance losses represents anticipated losses from the failure of insured credit unions. Operating expenses are primarily administrative services provided by the NCUA Operating Fund. Net cost of operations for 2024 was $259.8 million, an increase of $37.8 million from 2023, primarily as a result of increases in operating expenses, due to higher employee salaries and benefits, and contracted services costs in 2024. An increase in the provision for insurance losses also contributed to the increase in net cost of operations in 2024.

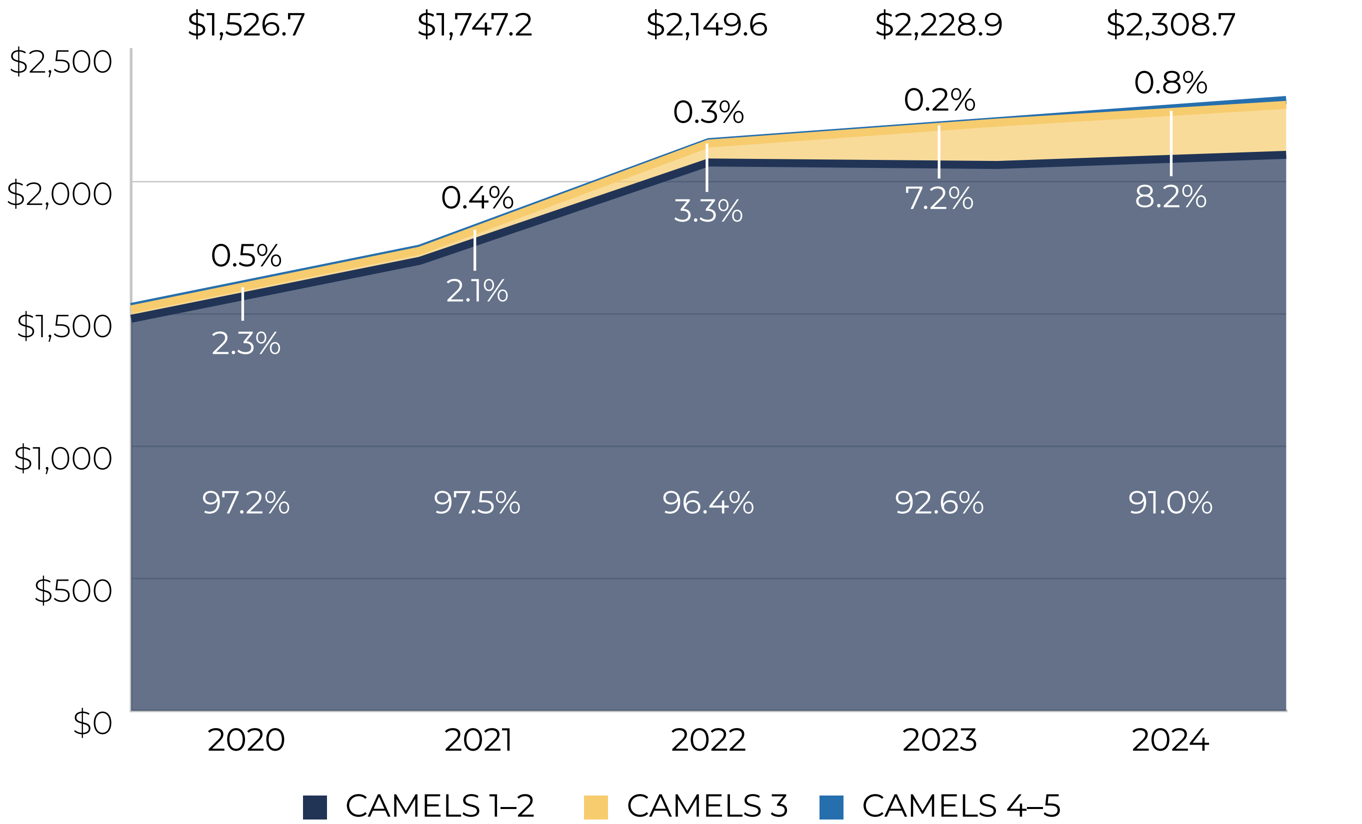
Share Insurance Fund Results of Operations

Operating Expenses	Provision for Insurance Losses	Exchange Revenue	Net Cost of Operations
$247.2m ↑	$13.1m ↑	$0.5m ↑	$259.8m ↑
Last Year: $234.4m +5.4%	Last Year: ($12.2m) +207.9.%	Last Year: $0.2m +121.7%	Last Year: $222.0m +17.0%

The provision for insurance losses 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 increased by $4.2 million, which reflects the overall risk of projected losses for actual and potential credit union failures. The bad debt reduction for the AMEs decreased by $21.1 million, primarily due to changes in the value of legacy assets.

The aggregate net worth ratio increased during the year ending at 11.20 percent versus 10.95 percent on December 31, 2023.[13] The 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 show in the graph below, assets in CAMELS composite 3, 4, and 5 rated credit unions increased to $207.2 billion at the end of 2024 from $165.7 billion at the end of 2023, due to a higher number of credit unions with assets greater than $500 million in CAMELS rating 3 in 2024.[14]

Distribution of Assets by CAMELS Ratings at Year-end 2020–2024 (in billions of dollars)



Source: NCUA Call Report

13 The net worth ratio is calculated according to NCUA regulations part 702.
14 Additional information for the CAMELS rating system can be found on page 24, "What is the CAMELS Rating System?".

NCUA Operating Fund

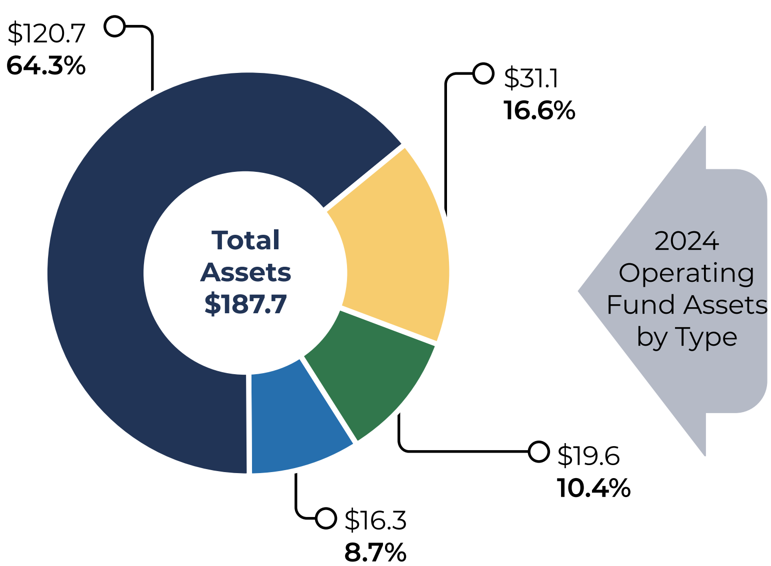
Created by the Federal Credit Union Act, the NCUA Operating Fund provides administration and service to the federal credit union system. At year-end, the total number of federal credit unions was 2,794 with $1.2 trillion in total assets.[15] Funding for the NCUA's operations comes through operating fees 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 of 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 2024 with a fund balance of $109.3 million, a decrease of $5.6 million from 2023. The decrease was primarily a result of increases in employee wages and benefits and contracted services costs in 2024.

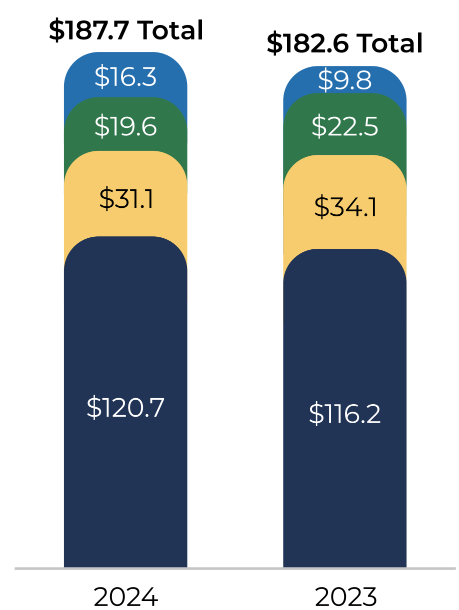
Operating Fund Financial Position

Total Assets	Total Liabilities	Fund Balance
$187.7m ↑	$78.4m ↑	$109.3m ↓
Last Year: $182.6m +2.8%	Last Year: $67.7m +15.8%	Last Year: $114.9m -4.9%

Operating Fund Assets by Type 2024 (in millions of dollars)



Operating Fund Assets Comparison 2024 and 2023 (in millions of dollars)



Cash and Cash Equivalents | Fixed Assets, Net | Intangible Assets, Net | Other

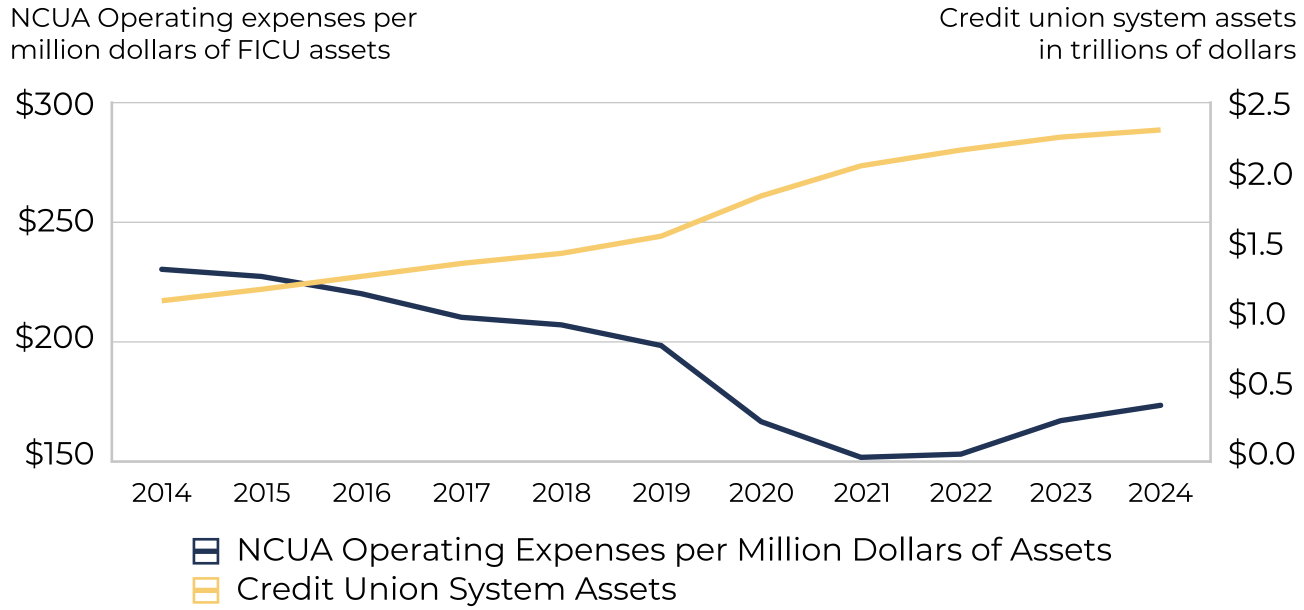
Source: NCUA Audited Financial Statements

15 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 NCUA Share Insurance Fund insures.

The NCUA continues to assess and balance its mission workload needs with the financial costs the agency imposes on the credit union system. Total revenues for 2024 were $146.0 million, a 19.6 percent increase from 2023. Increased revenues were primarily a result of increased operating fees. In 2024, total expenses increased to $151.5 million, an 8.0 percent increase from 2023, with employment costs being the primary driver.

Although the number of credit unions continues to decline nationwide, the 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 $10 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



Source: NCUA Audited Financial Statements and NCUA Call Report Data
NCUA operating expenses per million dollars of federally insured credit union (FICU) assets is calculated as the sum of current year NCUA Operating Fund expenses, Share Insurance Fund operating expenses, and CLF operating expenses divided by the current year's end of year FICU assets (for example, 2024 Operating Fund Expenses ($151.5M) + 2024 Share Insurance Fund Operating Expenses ($247.2M) + 2024 CLF Operating Expenses ($2.1M) / FICU Assets as of 2024Q4 ($2.31T) = $173.5 of NCUA operating expenses per $1M in FICU 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 the NCUA has maintained in the last several years relative to the size of the credit union system.

Budgetary Resources

The 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.

In 2024, the NCUA obligated $385.7 million of its operating budget, of which $242.4 million was reimbursed from the Share Insurance Fund for insurance-related activities. This was $14.4 million, or 3.6 percent, less than the Board-approved level for the year, due to lower than projected pay and benefit costs, as well as lower spending on travel, contracted services, and administrative expenses in 2024. Spending below the budgeted levels reflects the NCUA's efforts to administer its programs in a cost-efficient manner.[16]

The NCUA also maintains a discrete capital budget. In 2024, the Board approved $7.4 million for a variety of projects related to information technology and NCUA-owned facilities.[17] Of this amount, the agency obligated $4.9 million, or 66.8 percent in 2024. Many of the agency's capital projects require multiple years of planning and implementation before completion. The NCUA expects that any unspent capital funding available at the end of 2024 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).[18]

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, 2024, the CLF had 436 members that

16 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.

17 The 2024 Capital Budget included carryover capital project funding.

18 The CLF's borrowing arrangement is exclusively with the FFB. The NCUA maintains a note purchase agreement with FFB with a current maximum principal amount of $18.0 billion.

contributed $883.7 million of capital stock. As of December 31, 2023, the CLF had 407 members that contributed $822.3 million of capital stock.

Total members' equity was $928.7 million as of December 31, 2024, an increase of $65.3 million from 2023. 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
$978.2m ↑	$49.5m ↑	$928.7m ↑
Last Year: $901.6m +8.5%	Last Year: $38.1m +29.8%	Last Year: $863.4m +7.6%

Net income for the year ended December 31, 2024, was $41.6 million, an increase of $5.2 million from 2023. This change was attributed to higher interest rates in 2024, which resulted in an increase in investment income. Investments totaled $862.2 million at year-end, and investment income totaled $45.1 million, which funded operations and paid $37.8 million in dividends to members.

Central Liquidity Facility Results of Operations

Total Revenue	Total Expenses	Net Income
$45.1m ↑	$3.5m ↑	$41.6m ↑
Last Year: $39.3m +14.7%	Last Year: $2.9m +18.9%	Last Year: $36.4m +14.4%

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 2024, the dividend rate was $2.27 per share for the first quarter, $2.28 per share for the second quarter, $2.23 per share for the third quarter, and $1.95 per share for the fourth quarter. For 2023, the dividend rate was $2.07 per share for the first quarter, $2.30 per share for the second quarter, and $2.31 per share for the third and fourth quarters.

Community Development Revolving Loan Fund

The Revolving Loan Fund is the only NCUA fund that receives an annual appropriation from Congress and was established to promote 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 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.

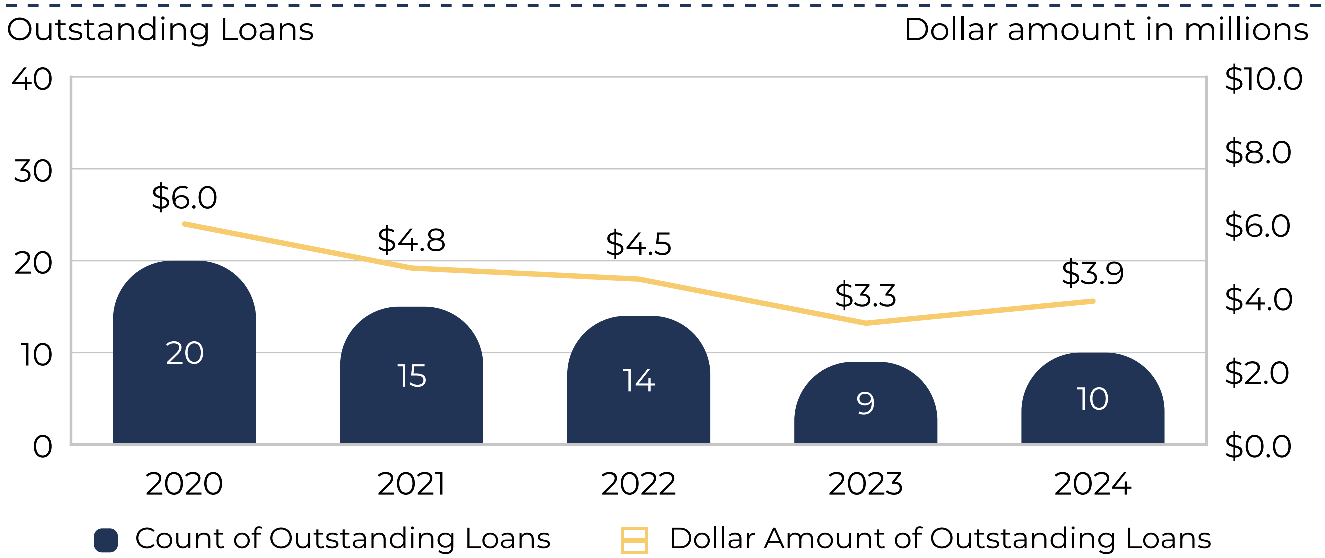
Fund balance for the Revolving Loan Fund was $17.1 million and $16.2 million as of December 31, 2024, and 2023, respectively.

Community Development Revolving Loan Fund Financial Position

Total Assets	Total Liabilities	Total Fund Balance
$23.1m ↑	$6.0m ↑	$17.1m ↑
Last Year: $20.5m +12.5%	Last Year: $4.3m +39.8%	Last Year: $16.2m +5.3%

The 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, 2024, the Revolving Loan Fund loan portfolio had 10 loans outstanding totaling $3.9 million.

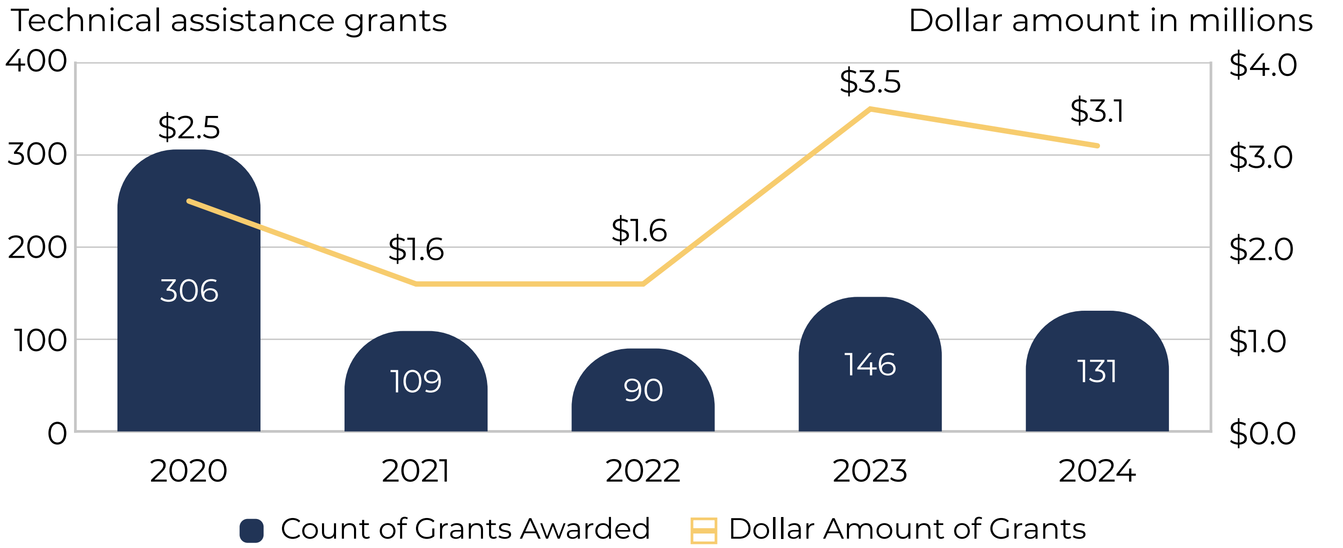
Count and Dollar Amount of Outstanding Loans (2020–2024)



Source: NCUA Audited Financial Statements

In 2024, Congress enacted multi-year appropriations of $3.47 million for the technical assistance program, a slight decrease from the $3.50 million enacted in 2023. These grants are typically provided on a reimbursement basis to ensure that grant awards are appropriately used. The fund awarded 131 technical assistance grants totaling $3.1 million from the multi-year appropriations received.

Count and Dollar Amount of Technical Assistance Grants (2020–2024)



Source: NCUA Audited Financial Statements

Analysis of Systems, Control, and Legal Compliance

National Credit Union Administration
Office of the Chairman

February 13, 2025
President Donald J. Trump
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

The National Credit Union Administration (NCUA) leadership is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections two and four 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 controls over operations, reporting, and compliance were operating effectively as of December 31, 2024.

Respectfully,

Kyle S. Hauptman

Kyle S. Hauptman
Chairman

1775 Duke Street – Alexandria, VA 22314-3428 – 703-518-6300

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*.

The 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 2024, 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, the 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 the 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.[19] 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.

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.

19 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. The NCUA is not within the scope of this definition.

The 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. The NCUA's offices are addressing these issues through corrective action plans, as appropriate.

In addition to the results of the assurance statements noted above, the 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 2024. 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 the NCUA has deficiencies in internal control significant enough to be reported as a material weakness. The 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 2024 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), the 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.[20] 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.

The NCUA Chief Information Officer, Inspector General, and Senior Agency Official for Privacy conducted a joint annual assessment using the CyberScope automated system as required by OMB Memorandum 24-04, *Fiscal Year 2024 Guidance on Federal Information Security and Privacy Management Requirements*. The NCUA submitted the annual FISMA report for fiscal year 2024 to OMB on July 31, 2024.

As prescribed by the Act, the Office of Inspector General performs an annual independent evaluation of the NCUA's information security and privacy management programs and controls for compliance with FISMA. The Office of Inspector General issued the fiscal year 2024 audit report on September 12, 2024, concluding the NCUA implemented an effective information security program by achieving an overall maturity level rating of Level 4.[21] The outcome of the NCUA's 2024 FISMA assessment and resulting Cybersecurity Performance Summary ratings are represented in Table 1. Table 2 explains the five maturity levels used for this assessment.

Table 1: 2024 FISMA Cybersecurity Performance Summary

Identify	Managed and Measurable (4)
Protect	Consistently Implemented (3)
Detect	Managed and Measurable (4)
Respond	Managed and Measurable (4)
Recover	Consistently Implemented (3)
Overall	Managed and Measurable (4)

20 The Federal Information Security Modernization Act of 2014 (Public Law 113–283 — December 18, 2014) amended the Federal Information Security Management Act of 2002.
21 All Inspector General reports are available on the NCUA's website.

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

The NCUA partners with the Enterprise Services Center within the U.S. Department of Transportation to provide the 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, the 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. The Act does not apply to funding received outside of congressionally approved appropriations.

The 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 the 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. The NCUA successfully submitted quality financial and award data for publication on 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. The 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, the NCUA's recurring payments are processed via electronic funds transfer.

Federal Civil Penalties Inflation Adjustment Act Improvements Act

The NCUA has authority to assess civil penalties for violations specified in the Federal Credit Union Act and other laws the 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, the 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 the NCUA Inspector General to periodically conduct a risk assessment on the agency's charge card programs. The NCUA Inspector General last conducted a risk assessment in 2021. Given this, in 2025, the NCUA Inspector General plans to conduct a full-scope audit of the NCUA's charge card program.

Performance Results (Unaudited)

About the Performance Results Section

Throughout 2024, the 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 the NCUA's performance structure and details performance results and challenges during the calendar year.

Performance Structure

The Performance Structure section provides an overview of the 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 the NCUA performance process.

Program Evaluation and Review

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

Cross-Agency Collaboration

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

Performance Results by Strategic Goal

The Performance Results by Strategic Goal section provides the results for each performance measure for 2024 and, when available, five years of historical trend data; factors describing why particular performance measures were not met; and the 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 the 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 2024.[22]

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 the performance goals, indicators, and strategies may change or be refined over the course of the cycle as new data is gathered by the NCUA.

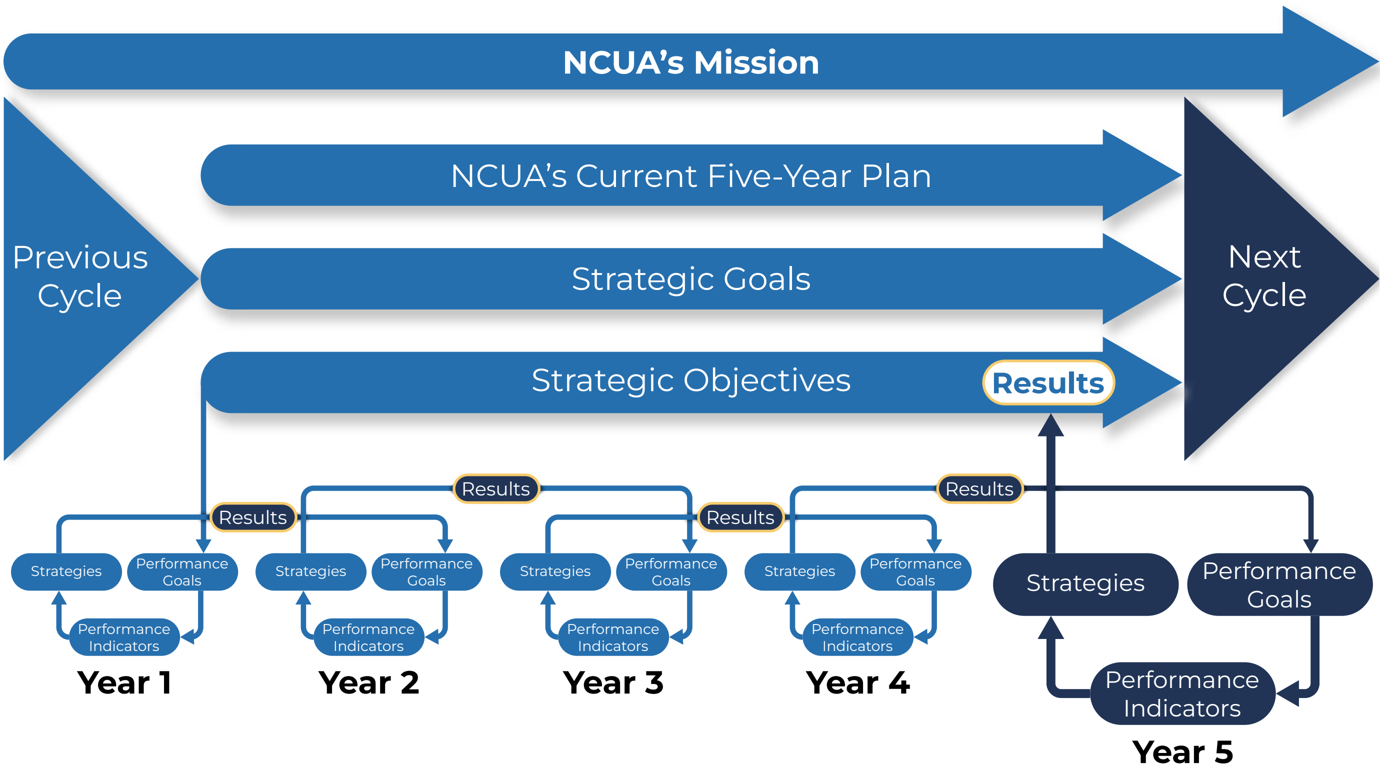
Performance goals are the actions the agency undertakes and measures to gauge progress achieving each strategic objective. Each performance goal is supported by one or more performance indicator or measure.

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.

22 The agency initially established 27 performance indicators for 2024; however, one indicator was removed in accordance with Executive Order 14151.



Performance Planning and Process

The *2024 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 the 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*.

The NCUA holds program offices accountable for setting meaningful and realistic targets that also challenge the agency to leverage its resources efficiently and effectively. Each designated goal owner is responsible for the progress in 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.

The 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

The 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

The NCUA provides five years of historical trend data for each performance measure when available. Several performance goal indicators in this report are new for 2024 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 2024 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, the NCUA's regulations, formal instructions, or policy statements guide our target selection.

Measure Quality

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

Enterprise Risk Management

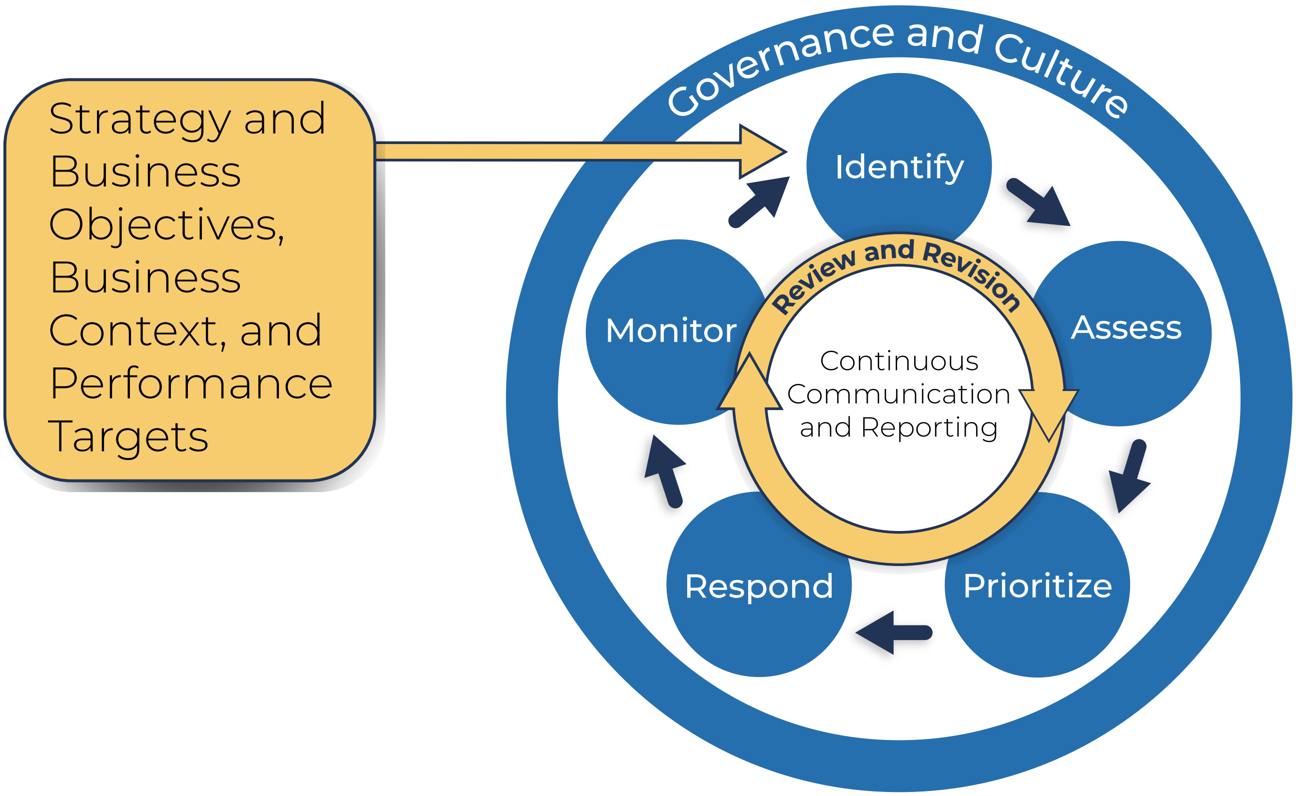
The NCUA is subject to a variety of risks that relate to its objectives, strategies, operations, reputation, and environment. Through the NCUA's ERM program, the agency is proactively managing risks to achieving its mission, as well as maximizing opportunities across the agency. ERM examines the full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

To sustain success at the NCUA, an effective risk management approach is required. The ERM approach at the NCUA is anchored by a framework, shown in the following diagram, and oversight from the agency's ERM Council. The ERM Council and the ERM framework at the NCUA provide for the identification, assessment, monitoring, and reporting of enterprise risks. Working collaboratively with risk leads, other agency governing councils, and subject-matter experts, the ERM Council aims to optimize risk management and mitigation on a consistent and continuous basis to increase the NCUA's success at achieving its strategic goals. Effective internal controls, combined with robust measurement and communication, are central to effective decision-making and risk optimization within the NCUA.

The NCUA's risk-management framework helps the agency's leadership identify and evaluate specific risks, and to prioritize and mitigate risks on a continuous basis. The ERM program requires close collaboration across all agency functions and is intended to improve mission delivery.

The agency's ***risk appetite statement***, approved by the NCUA Board in 2022, guides the NCUA's actions to achieve its strategic objectives in support of protecting the system of cooperative credit and its member-owners through effective chartering, supervision, regulation, and insurance. The NCUA will continue to advance its ERM program by conducting ongoing risk monitoring, point-in-time risk reviews, and adopting tools for more streamlined monitoring, and reporting.

The NCUA's Enterprise Risk Management Framework



Cross Agency Collaboration

The NCUA is involved in numerous cross-agency initiatives by collaborating with the other financial regulatory agencies through several councils such as the Financial Stability Oversight Council, the Federal Financial Institutions Examination Council, and the Financial and Banking Information Infrastructure Committee. In addition, the 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 the NCUA's mission.

Performance Results by Strategic Goal

The agency made progress across all three strategic goals in 2024, meeting or exceeding 19 of 26 performance indicators. Each strategic goal and the supporting strategic objectives and performance goals are presented in the subsequent sections, including detailed results for each indicator used to measure agency performance.

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 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.	✗

Strategic Goal 1: Ensure a Safe, Sound, and Viable System of Cooperative Credit that Protects Consumers

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 authorizes the NCUA Board to oversee America's credit union system and administer the Share Insurance Fund. The NCUA also has statutory responsibility for supervising compliance with and enforcing consumer financial protection laws and regulations. The NCUA's primary function 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 focuses 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.

The NCUA made progress in 2024 on the five strategic objectives for Strategic Goal 1, for which there were seven performance goals and 11 indicators to measure results. The agency met its target for nine of the 11 performance indicators. An explanation is provided for the indicators that did not meet their targets during the year.

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. The NCUA must maintain a financially sound Share Insurance Fund to protect credit union member-owners against unexpected losses from failed credit unions and to maintain public confidence in federal share insurance and the financial services system. Sound management of the Share Insurance Fund also requires the agency to timely identify, assess, and respond to current and emerging risks, including through robust modeling of future Share Insurance Fund performance and effective execution of the examination program.

Performance Indicators	2019	2020	2021	2022	2023	2024 Target	2024 Result	Status
1.1.1 Prudently manage the Share Insurance Fund.								
Maintain Share Insurance Fund losses at or below 2024 established reserve for losses.	—	—	Achieved	Achieved	Achieved	Achieve	Achieved	✓
Maintain the Share Insurance Fund equity ratio above the minimum statutory level and at or below the Normal Operating Level.[23]	1.35%	1.26%	1.26%	1.30%	1.30%	At or between the statutory minimum and the Normal Operating Level	1.30%	✓

Strategic Objective 1.2 – Provide Effective and Efficient Supervision

To remain effective, the NCUA's examination and supervision program must continue to evolve with a growing and changing credit union system while recognizing the fundamental differences that define financial cooperatives. The NCUA must act efficiently, properly 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 include highly skilled examiners, risk-based examination policies, robust data collection and analyses, reliable technological tools, and a strong quality assurance program.

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

Performance Indicators	2019	2020	2021	2022	2023	2024 Target	2024 Result	Status
1.2.1 Identify and address undue risk and violations in NCUA-insured credit unions.[24]								
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%	Greater than or Equal to 97%	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%	Greater than or Equal to 97%	92%	✗
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%	Greater than or Equal to 90%	94%	✓

24 Historical data for the two indicators under this performance goal have been revised since first reported in the 2024 Annual Performance Plan. The agency has improved its ability to report on these measures, including prior year results.

Discussion.

The NCUA started 92 percent of 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. In 2024, 25 follow-up examinations were required; 23 were completed within timelines permitted by agency policy while two were not completed within policy parameters, missing the 97 percent target. For the two exceptions, one follow-up examination was conducted outside policy parameters by less than 30 days and the other received a supervision contact in lieu of a follow-up examination. In 2025, follow-up examination requirements for federal credit unions with assets greater than $500 million and a CAMELS composite 3 rating will remain unchanged to ensure all material safety and soundness concerns are being addressed by these complex credit unions.

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

The NCUA's assessment of compliance risk considers laws and regulations for which the agency is statutorily responsible for ensuring credit union compliance, including federal consumer financial protection laws and regulations as well as the Bank Secrecy Act, the Flood Disaster Protection Act, and the Secure and Fair Enforcement for Mortgage Licensing Act. The NCUA performs targeted consumer compliance reviews during risk-focused examinations.

Performance Indicators	2019	2020	2021	2022	2023	2024 Target	2024 Result	Status
1.3.1 Identify and address violations of consumer protection laws and regulations.								
Complete at least 60 fair lending examinations.	25	19	29	35	46	Greater than or Equal to 60	64	✓
Achieve a Consumer Assistance Center Phase I resolution rate of at least 90 percent.	—	—	—	97%	98%	Greater than or Equal to 90%	98%	✓

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

Credit unions are becoming larger and more complex as they seek to provide their members with more and improved products and services. Growth and innovation present risks to credit union member-owners and the Share Insurance Fund. The agency must balance responsible oversight with forward-looking policies that promote innovation and respond to potential industry disruptions.

Performance Indicators	2019	2020	2021	2022	2023	2024 Target	2024 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	Greater than or Equal to 95%	97%	✓
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%	Greater than or Equal to 95%	100%	✓

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

Emerging and innovative financial technologies or fintech, including artificial intelligence and digital assets, present opportunities and risks to the credit union system. The NCUA is committed to supporting the credit union system as it navigates the changes fintech and other innovations are bringing to the financial services industry. The agency must identify financial services industry risks and opportunities as well as marketplace developments that may prompt regulatory or policy changes.

Performance Indicators	2019	2020	2021	2022	2023	2024 Target	2024 Result	Status
1.5.1 Identify and evaluate 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.	—	—	—	—	—	Achieve by 12/31/2024	Delayed	✗
Establish a mechanism to promote and facilitate ongoing dialog with stakeholders on existing and emerging technologies in the credit union system.	—	—	—	—	—	Achieve by 12/31/2024	Achieved	✓

Discussion.

In 2024, the NCUA began conducting an analysis of financial technology barriers to credit unions; however, this effort was not completed by year-end. The NCUA anticipates finalizing the analysis in 2025 by conducting a formal barrier analysis regarding credit unions adopting and using financial technology, and conducting roundtables with credit unions to discuss barriers experienced in the credit union industry and brainstorm solutions.

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

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 fair 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.

Strategic Goal 2 focuses on the NCUA's efforts to achieve the statutory mission of the credit union system of meeting the credit and savings needs of members, especially those of modest means.

The NCUA made progress in 2024 on the two strategic objectives and four performance goals established for 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. An explanation is provided for the indicators that did not meet their targets during the year.

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

The NCUA is committed to maintaining up-to-date regulations, policies, and programs that expand consumer access to safe and affordable financial products and services, along with financial education that helps consumers understand their choices. Informed consumers who have access to a range of fair and affordable credit union products and services — including from new and emerging technologies — make better financial decisions for themselves and for their communities.

Performance Indicators	2019	2020	2021	2022	2023	2024 Target	2024 Result	Status
2.1.1 Expand community and individual access to fair and affordable credit union products and services.								
Approve at least 15 Underserved Area expansions, in accordance with regulation and agency policy, that have intended offices or service facilities located no more than 25 miles from any point within the area, or have offices or service facilities reasonably accessible to low-income individuals, and that increase consumer access to affordable financial products.	—	—	—	—	—	Greater than or Equal to 15	19	✓
Develop strategies to close gaps and pursue opportunities in the credit union industry to foster financial inclusion.	—	—	—	—	—	Achieve	Delayed	✗
Increase collaboration with the Community Development Financial Institutions Fund.	—	—	—	—	—	Achieve	Achieved	✓
2.1.2 Empower consumers with financial education information.								
Maintain the reach of the NCUA's consumer financial education and literacy information at or above prior three-year average levels.[25]	—	—	Achieved	Achieved	Achieved	Achieve	Not Achieved	✗

25 Reach is measured as the increase in users of MyCreditUnion.gov, attendees of financial education webinars hosted or co-hosted by the NCUA, and views of the NCUA's financial education YouTube videos.

Discussion.

In 2024, the NCUA began developing strategies to close gaps and pursue opportunities in the credit union system to foster access to financial services, with the particular focus of developing a plan to address financial deserts. After an internal end-of-year review, the NCUA decided to refine the plan to focus on working directly with credit unions and additional internal stakeholders. The plan is expected to be completed in 2025.

The reach of the NCUA's consumer financial education and literacy information did not achieve its targeted levels in 2024. Visits to MyCreditUnion.gov – which accounts for 99 percent of the metric – and YouTube impressions were both down year over year. Traffic to these sites increased above historical averages between 2020 and 2023 likely due to the rise in consumer uncertainty during the COVID-19 pandemic and the collapse of three large regional banks in 2023. The results in 2024 reflect a return to historical levels for MyCreditUnion.gov. Additionally, the NCUA redesigned MyCreditUnion.gov in 2024 and created three Money Basics Guides targeted towards non-profits, educators, and credit union personnel to utilize in classroom settings. In 2025, the NCUA will continue to promote the resources available on MyCreditUnion.gov and will update the Share Insurance Fund Estimator as part of the implementation of the trust accounts rule.

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

The NCUA continues to develop initiatives to foster new and small credit unions, and credit unions serving those of modest means. The NCUA provides needed support to federally insured credit unions that serve communities and individuals who may lack access to mainstream financial products and services.

Performance Indicators	2019	2020	2021	2022	2023	2024 Target	2024 Result	Status
2.2.1 Support the viability of credit unions.								
Maintain the level of members in minority depository institution, or MDI-designated credit unions at or above 2023 year-end levels.	3.9 million	4.3 million	4.6 million	5.2 million	6.5 million	Greater than or Equal to 2023 levels	7.1 million	✓
Conduct small credit union and MDI assistance program support contacts for 100 percent of participating credit unions.	—	—	—	Program Implemented	100%	100% of Participating Credit Unions	100%	✓
2.2.2 Maximize the agency's grant program.								
Increase the number of first time Community Development Revolving Loan Fund (CDRLF) grant applicants by at least 25 percent.	+40%	+186%	-53%	+5%	+76%	Greater than or Equal to 25% Increase	-17%	✗

Discussion.

The NCUA experienced a 15 percent decrease in total applications and a 17 percent decrease in first-time applicants in the 2024 CDRLF grant round, missing its 2024 target for the latter. The primary contributing factor was due to a smaller pool of eligible credit unions in 2024 as compared to 2023. To qualify for the program in 2024, a CDRLF grant applicant must have a low-income designation. This was a change from the 2023 appropriations language. The number of eligible credit unions decreased from 2,572 in 2023 to 2,464 in 2024 of which 2,132 have already applied for the program since its inception in 2006, leaving approximately 330 credit unions who have not used the program. In 2025, the NCUA hopes to address this decrease in eligible credit union CDRLF grant applicants through expanded outreach via direct emails, webinars, and social media. The agency has modified the grant initiatives to ensure grants are meeting the needs of credit unions. Each year, the NCUA develops specific grant initiatives targeted to address current credit union industry challenges.

Strategic Goal 3: Maximize Organizational Performance to Enable Mission Success

Strategic Objectives	Performance Goals
3.1 Attract, develop, and retain an engaged, high-performing, diverse workforce within an inclusive, professional environment.[26]	**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 the NCUA's third strategic goal requires effective communication, collaboration, and coordination by all staff across all offices within the agency. To achieve this strategic goal, the agency must 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.

The NCUA made progress in 2024 on the three strategic objectives and five performance goals for Strategic Goal 3. The agency met its target for six of its eight performance indicators for Strategic Goal 3. An explanation is provided for the indicators that did not meet their targets during the year.

26 An indicator for performance goal 3.1.2 was removed in accordance with Executive Order 14151.

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

The 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 the NCUA because an engaged workforce is more efficient, productive, and accountable in achieving the organization's mission.

Performance Indicators	2019	2020	2021	2022	2023	2024 Target	2024 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.	4.3	—	4.5	4.7	4.7	At least 4 (out of 5)	4.6	✓
3.1.2 Foster a professional, inclusive workplace that values diverse perspectives, maximizes employees' contributions, and fosters belonging.								
Improve the NCUA's Federal Employee Viewpoint Survey Employee Engagement Index by two percentage points.	69%	76%	77%	76%	77%	+2 percentage points	80%	✓

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

The NCUA is committed to implementing new technology responsibly and delivering secure, reliable, and innovative technological solutions with enhanced business processes that support its mission. The NCUA plans for new and improved approaches to harness emerging data, advance its analytical techniques, deploy innovative technology, and implement improvements in its supervisory approach. A robust and secure information technology infrastructure and effective technological applications ensure the effectiveness and efficiency of the agency's workforce.

Performance Indicators	2019	2020	2021	2022	2023	2024 Target	2024 Result	Status
3.2.1 Provide resilient and modern technology and data solutions.								
Targeted agency systems are accessible and available.	—	—	—	Achieved	Achieved	Achieve or Exceed Targets	Achieved	✓
Maintain an overall maturity rating of at least Level 4, Managed and Measurable, for the NCUA's annual Federal Information Security Management Act information security program assessment.	Level 2	Level 2	Level 4	Level 4	Level 4	Greater than or Equal to Level 4	Level 4	✓
3.2.2 Gain efficiencies through quality processes, systems, and project management.								
Maintain a vacancy rate of less than 5 percent to ensure the agency is staffed to accomplish its mission.[27]	4.0%	2.5%	3.8%	4.1%	0.4%	Less than or Equal to 5%	2.6%	✓
Award at least 70 percent of total eligible contract dollars as competitive actions.	91%	88%	59%	83%	75%	Greater than or Equal to 70%	69%	✗

27 Historical results for this indicator are revised from the historical results initially reported in the 2024 Annual Performance Plan.

Discussion.

The agency missed its target of awarding at least 70 percent of total eligible contract dollars as competitive actions by one percentage point. The decline in the value of total competitive awards was due, in part, to a limited number of sole source contract awards of high dollar value. These contract actions do not recur annually and will not substantively impact total eligible contract dollars in 2025. The NCUA anticipates future year results will fall within the range of historical averages, all of which exceeded the 70-percent goal except in 2021 (59 percent) and 2024 (69 percent).

Strategic Objective 3.3 – Ensure sound organizational governance

Sound organizational governance at the 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. The NCUA implements strategies and initiatives to promote efficient business processes, sound internal controls, and effective risk management practices.

Performance Indicators	2019	2020	2021	2022	2023	2024 Target	2024 Result	Status
3.3.1 Foster an effective risk management and internal control environment.								
Complete Office of Inspector General (OIG) recommendations within the established timeframes.	83%	72%	79%	79%	71%	Greater than or Equal to 90%	50%	✗
Receive an unmodified opinion on the NCUA financial statement audits.	Achieved	Achieved	Achieved	Achieved	Achieved	Achieve	Achieved	✓

Discussion.

The NCUA completed corrective actions on six of 12 OIG audit recommendations with completion dates in 2024, missing the 90 percent target. Delayed completion of these recommendations stems in part from the enhanced requirements necessary to continuously mature agency business processes and systems across the agency. The NCUA has developed plans to complete the outstanding recommendations in 2025. The agency will also continue to engage responsible parties and provide support for achieving open recommendations within the stated timeframes.

Validation and Verification of Performance Data

The agency's 2024 performance results are based on reliable and valid data that are complete as of the end of the calendar year. The Office of the Chief Financial Officer reviews all performance data 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 our strategic goals and objectives. Data management and data reliability are important when determining performance outcomes. Currently, the Offices of Examination and Insurance and National Examinations and Supervision, the Chief Economist, and the agency's regional offices review the data. These offices, with support provided by the Office of the Chief Information Officer, monitor, and maintain automated systems and databases that collect, track, and store performance data.

In addition to the general controls the NCUA has in place, which 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 the 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 2024, the 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 the 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 the 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. The 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 the 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

Eugene H. Schied
Chief Financial Officer

I am pleased to present the 2024 financial statements for the NCUA's four funds:

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

I am proud to serve at the NCUA because we help ensure the existence of a safe and sound financial system. With approximately $1.8 trillion in insured member shares, the credit union system serves the hopes and needs of over 142.3 million people who depend on it. Credit unions are special because they are not-for-profit cooperatives owned by the members, for the benefit of their members. No credit union member has ever lost a single dollar of insured shares, and our Share Insurance Fund protects the American taxpayer from having to cover losses arising from failed credit unions.

I get to work with a team of outstanding professionals, especially the team in the CFO's office that was recognized last year as one of the top five best offices in the Federal Government by the Partnership for Public Service. I have worked in, or led, CFO organizations at several federal agencies, and from that experience I know that financial reporting is more impactful at the NCUA than at many other federal agencies. I brief the NCUA Board quarterly on the financial status of the Share Insurance Fund and field questions from the public and stakeholders. Our financials help to inform the investment decisions of the NCUA's $23.5 billion (par value) investment portfolio and the Board's position on the Share Insurance Fund's level of retained equity.

As a federal financial regulator, the NCUA must maintain exemplary financial and performance reporting. The financial statements, analysis, and performance results in this report demonstrate how the NCUA optimizes its financial resources to execute our mission to protect the system of cooperative credit and its member-owners through effective chartering, supervision, regulation, and insurance.

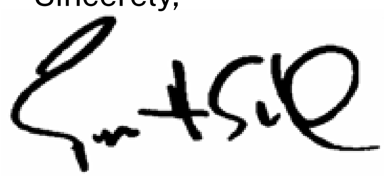
Our independent auditor issued unmodified opinions on the four funds and identified no significant issues. The audit results reflect the agency's firm commitment to strong internal controls, effective financial management, and stewardship to federally insured credit unions and their members who fund the NCUA. The AGA also awarded the NCUA its seventh Certificate of Excellence in Accountability Reporting for our *2023 Annual Report*. I want to thank my team in the CFO's office and the staff throughout the NCUA who made these achievements possible.

In 2024, we continued to invest in our team and build on our strengths. Resources are tight, and we must be good stewards of the funding allocated to us. We championed innovation and creativity, encouraging our teams to find more efficient and effective ways to accomplish their work. Our teams' newly acquired technology capabilities and skills launched game-changing projects to improve our financial reporting, operations, and budget formulation and execution. The staff leaned into using the Microsoft Power Platform to create interactive dashboards and automate tasks, providing leadership with actionable insights into operations and results for informed decision-making.

Looking ahead, we will continue to prioritize the use of emerging technologies to modernize business processes and data management; create workload efficiencies; strengthen internal controls; provide exceptional financial support to our customers and partners; and deliver transparent, reliable financial information to NCUA's stakeholders.

I appreciate our remarkable team of NCUA professionals who successfully plan, execute, and account for the agency's resources.

Sincerely,



Eugene H. Schied
Chief Financial Officer
February 13, 2025

Message from the Office of Inspector General

National Credit Union Administration

Office of Inspector General

February 13, 2025

The Honorable Kyle S. Hauptman, Chairman
The Honorable Todd M. Harper, Board Member
The Honorable Tanya F. Otsuka, Board Member
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314

Dear Chairman Hauptman, Board Member Harper, and Board Member Otsuka:

I am pleased to transmit KPMG LLP's (KPMG) report on its financial statement 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 years ended December 31, 2024, and 2023. The NCUA prepared financial statements in accordance with the Office of Management and Budget (OMB) Circular No. A-136 Revised, *Financial Reporting Requirements*, and subjected them to audit.

Under a contract monitored by the NCUA OIG, KPMG, an independent certified public accounting firm, performed an audit of NCUA's financial statements as of December 31, 2024. 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/President's Council on Integrity and Efficiency Financial Audit Manual*.

KPMG's audit report for 2024 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,
- There were no deficiencies in internal control identified as material weaknesses[1] or significant deficiencies,[2] and
- No instances of reportable noncompliance with laws and regulations it tested or other matters that are required to be reported under Government Auditing Standards or OMB guidance.

[1] 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.
[2] 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.

The Honorable Kyle S. Hauptman, Chairman
The Honorable, Todd M. Harper, Board Member
The Honorable, Tanya F. Otsuka, Board Member
February 13, 2025
Page 2

To ensure the quality of the audit work performed, 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, 2025, 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,

James W. Hagen
Inspector General

cc: Executive Director Larry Fazio
Acting Deputy Executive Director Towanda Brooks
General Counsel Frank Kressman
Acting Director, Office of External Affairs and Communication Alfred V. Gareshe
Chief Financial Officer Eugene Schied
Chief Information Officer Todd Simpson
Director, Office of Credit Union Resources and Expansion Martha Ninichuk
President, Asset Management and Assistance Center Cory Phariss
Director, Office of Examination and Insurance Kelly Lay
President, Central Liquidity Facility Anthony Cappetta

Financial Information

National Credit Union Share Insurance Fund

Financial Statements as of and for the Years Ended December 31, 2024 and 2023, 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, 2024, the NCUSIF insures $1.8 trillion in member shares in 4,466 credit unions, which includes 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), for which AMAC collects the obligations due to the liquidated credit union, 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 2024 and 2023, 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, 2024. 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.

2024 and 2023 Performance Measures		
	December 31, 2024	December 31, 2023
Equity Ratio	1.30%	1.30%
Insured Shares	$1.8 trillion	$1.7 trillion
Number of Credit Union Involuntary Liquidations and Assisted Mergers	3	3
Assets in CAMELS[2] 3, 4 and 5 rated Credit Unions	$207.2 billion	$165.7 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 2024 and 2023 was 1.33%. The NCUSIF equity ratio was 1.30% as of December 31, 2024 and 2023. The NCUSIF available assets ratio was 1.23% and 1.22% as of December 31, 2024 and 2023, respectively. The NCUSIF equity ratio and available assets ratio are both based on total insured shares of $1.8 trillion and $1.7 trillion as of December 31, 2024 and 2023, respectively.

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 2024 and 2023.

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 three credit union failures in both 2024 and 2023, respectively. The cost of these failures, or the estimated cost of resolution at the time of liquidation, in 2024 was $2.0 million compared to $1.4 million in 2023.

The NCUA's supervisory actions may result in the conservatorship of federally insured credit unions. As of December 31, 2024, there were three credit unions 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 in the Balance Sheets.

The credit union industry remained stable during 2024. The aggregate net worth ratio increased during the year ending at 11.20% versus 10.95% at December 31, 2023. Assets in CAMELS 3, 4 and 5 rated credit unions increased to $207.2 billion at the end of 2024 versus $165.7 billion at the end of 2023.

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 2024 with an increase in Total Assets and Net Position, primarily as a result of an increase in Investments, Net. Net Cost of Operations increased to $259.8 million, primarily as a result of an increase in Operating Expenses and Provision for Insurance Losses. These changes are presented in the table below.

Summarized Financial Information				
(Dollars in Thousands)	**2024**	**2023**	**Increase / (Decrease) $**	**%**
Net Position				
Assets:				
Fund Balance with Treasury	27,339	26,163	1,176	4.5%
Investments, Net – U.S. Treasury Securities	22,132,366	21,208,175	924,191	4.4%
Accrued Interest Receivable - Investments	85,865	94,531	(8,666)	-9.2%
Receivables from Asset Management Estates (AMEs), Net	77,812	70,318	7,494	10.7%
Other	15,820	15,418	402	2.6%
Total Assets	**$22,339,202**	**$21,414,605**	**$924,597**	**4.3%**
Total Liabilities	**$242,136**	**$213,057**	**$29,079**	**13.6%**
Net Position (Assets minus Liabilities)	**$22,097,066**	**$21,201,548**	**$895,518**	**4.2%**
Net Cost				
Gross Costs:				
Operating Expenses	247,194	234,421	12,773	5.4%
Provision for Insurance Losses	13,160	(12,202)	25,362	-207.9%
Other Losses	-	9	(9)	-100.0%
Total Gross Costs	**$260,354**	**$222,228**	**$38,126**	**17.2%**
Exchange Revenue	**$521**	**$235**	**$286**	**121.7%**
Total Net Cost of Operations	**$259,833**	**$221,993**	**$37,840**	**17.0%**
Cumulative Results of Operations				
Beginning Balances	**$3,966,687**	**$3,258,998**	**$707,689**	**21.7%**
Non-Exchange Revenue:				
Interest Revenue - Investments	564,952	431,707	133,245	30.9%
Net Unrealized Gain - Investments	220,242	497,975	(277,733)	-55.8%
Total Non-Exchange Revenue	**$785,194**	**$929,682**	**($144,488)**	**-15.5%**
Net Cost of Operations	**$259,833**	**$221,993**	**$37,840**	**17.0%**
Cumulative Results of Operations	**$4,492,048**	**$3,966,687**	**$525,361**	**13.2%**
Contributed Capital	**$17,605,018**	**$17,234,861**	**$370,157**	**2.1%**
Net Position	**$22,097,066**	**$21,201,548**	**$895,518**	**4.2%**

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 above, 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.

2024 and 2023 Fund Balance with Treasury and Investments

	December 31, 2024	December 31, 2023
Fund Balance with Treasury	$ 27.3 million	$ 26.2 million
U.S. Treasury Securities		
Held to Maturity (Overnights)	5,592.4 million	5,184.6 million
Available-for-Sale	16,540.0 million	16,023.6 million

During 2024, the NCUSIF's Investments increased, primarily due to a decrease in the Net Unrealized Loss of Available-for-Sale U.S. Treasury Securities.

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);
- guarantee fees;
- 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
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Independent Auditors' Report

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 sheets as of December 31, 2024, and 2023 and the related statements of net costs, changes in net position, and budgetary resources for the years 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, 2024, and 2023, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits 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 audits. 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.

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 audits 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, 2024, 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

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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, 2024, 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. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC
February 13, 2025

NATIONAL CREDIT UNION SHARE INSURANCE FUND

BALANCE SHEETS
As of December 31, 2024 and 2023
(Dollars in thousands)

	2024	2023
ASSETS		
INTRAGOVERNMENTAL ASSETS		
Fund Balance with Treasury (Note 2)	$ 27,339	$ 26,163
Investments, Net - U.S. Treasury Securities (Note 3)	22,132,366	21,208,175
Accrued Interest Receivable - Investments (Note 3)	85,865	94,531
Advances and Prepayments (Note 6)	14,528	14,409
Total Intragovernmental Assets	22,260,098	21,343,278
WITH THE PUBLIC ASSETS		
Advances and Prepayments	1,292	1,009
Receivables from Asset Management Estates (AMEs), Net (Note 4)	77,812	70,318
Total with the Public Assets	79,104	71,327
TOTAL ASSETS	$ 22,339,202	$ 21,414,605
LIABILITIES		
INTRAGOVERNMENTAL LIABILITIES		
Accounts Payable - Due to the NCUA Operating Fund (Note 6)	$ 2,140	$ 1,648
Total Intragovernmental Liabilities	2,140	1,648
WITH THE PUBLIC LIABILITIES		
Accounts Payable	2,726	2,352
Insurance and Guarantee Program Liabilities (Note 5)	236,985	209,007
Other Liabilities	285	50
Total with the Public Liabilities	239,996	211,409
TOTAL LIABILITIES	242,136	213,057
Commitments and Contingencies (Note 5)		
NET POSITION		
Cumulative Results of Operations	4,492,048	3,966,687
Contributed Capital (Note 9)	17,605,018	17,234,861
Total Net Position	22,097,066	21,201,548
TOTAL LIABILITIES AND NET POSITION	$ 22,339,202	$ 21,414,605

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

NATIONAL CREDIT UNION SHARE INSURANCE FUND

STATEMENTS OF NET COST
For the Years Ended December 31, 2024 and 2023
(Dollars in thousands)

	2024	2023
GROSS COSTS		
Operating Expenses	$ 247,194	$ 234,421
Provision for Insurance Losses		
Reserve Expense (Reduction) (Note 5)	28,996	24,766
AME Receivable Bad Debt Expense (Reduction) (Note 4)	(15,836)	(36,968)
Total Provision for Insurance Losses	13,160	(12,202)
Other Losses	-	9
Total Gross Costs	260,354	222,228
LESS EXCHANGE REVENUES		
Other Revenue	(521)	(235)
Total Exchange Revenues	(521)	(235)
TOTAL NET COST OF OPERATIONS	$ 259,833	$ 221,993

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

NATIONAL CREDIT UNION SHARE INSURANCE FUND

STATEMENTS OF CHANGES IN NET POSITION
For the Years Ended December 31, 2024 and 2023
(Dollars in thousands)

	2024	2023
CUMULATIVE RESULTS OF OPERATIONS		
Beginning Balances	$ 3,966,687	$ 3,258,998
Non-Exchange Revenue		
Interest Revenue - Investments	564,952	431,707
Net Unrealized Gain - Investments (Note 3)	220,242	497,975
Net Cost of Operations	(259,833)	(221,993)
Change in Cumulative Results of Operations	525,361	707,689
CUMULATIVE RESULTS OF OPERATIONS	4,492,048	3,966,687
CONTRIBUTED CAPITAL (Note 9)		
Beginning Balances	17,234,861	16,916,436
Change in Contributed Capital	370,157	318,425
CONTRIBUTED CAPITAL	17,605,018	17,234,861
NET POSITION	$ 22,097,066	$ 21,201,548

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

NATIONAL CREDIT UNION SHARE INSURANCE FUND

STATEMENTS OF BUDGETARY RESOURCES
For the Years Ended December 31, 2024 and 2023
(Dollars in thousands)

	2024	2023
BUDGETARY RESOURCES (Notes 7, 8 and 11)		
Unobligated balance from prior year budget authority, net (mandatory)	$ 21,953,172	$ 21,240,699
Spending authority from offsetting collections (mandatory)	1,378,356	1,650,391
TOTAL BUDGETARY RESOURCES	$ 23,331,528	$ 22,891,090
STATUS OF BUDGETARY RESOURCES		
New obligations and upward adjustments (total)	$ 606,838	$ 937,918
Unobligated balance, end of year:		
Exempt from apportionment	22,724,690	21,953,172
Unobligated balance, end of year (total)	22,724,690	21,953,172
TOTAL BUDGETARY RESOURCES	$ 23,331,528	$ 22,891,090
OUTLAYS, NET		
Outlays, net (total) (mandatory)	$ (785,703)	$ (728,434)
AGENCY OUTLAYS, NET (MANDATORY)	$ (785,703)	$ (728,434)

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

NATIONAL CREDIT UNION SHARE INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

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, guarantee fees, 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 May 30, 2024.

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 $85.9 million and $93.0 million as of December 31, 2024 and 2023, respectively 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 2024 and 2023.

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, 2024 and 2023.

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 premiums 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 Statements 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 included in the NCUSIF’s Balance Sheets and Statements 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, and guarantee fee income 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 Statements 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, 2024, there were three credit unions operating under NCUA's conservatorship.

2. FUND BALANCE WITH TREASURY

FBWT balances and status at December 31, 2024 and 2023 consisted of the following (in thousands):

	2024	2023
Status of Fund Balance with Treasury:		
Unobligated Balance - Available	$ 22,724,690	$ 21,953,172
Obligated Balance Not Yet Disbursed	49,630	44,111
Non-Budgetary Investment Accounts	(22,661,116)	(21,876,589)
Non-Budgetary FBWT Accounts	(85,865)	(94,531)
Total	$ 27,339	$ 26,163

As a revolving fund, the FBWT account is used for continuing business-like activities. The NCUSIF collects capitalization deposits, guarantee fees, 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, 2024 and 2023, 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, 2024 and 2023, 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, 2024:						
U.S. Treasury Securities						
Available-for-Sale	$ 17,887,161	$ (400,115)	$ 85,865	$ 17,900,317	$ (947,057)	$ 16,539,989
Held to Maturity	5,592,377	-	-	5,592,377	-	5,592,377
Total	$ 23,479,538	$ (400,115)	$ 85,865	$ 23,492,694	$ (947,057)	$ 22,132,366
As of December 31, 2023:						
U.S. Treasury Securities						
Available-for-Sale	$ 17,636,958	$ (446,057)	$ 92,970	$ 16,850,321	$ (1,167,299)	$ 16,023,602
Held to Maturity	5,184,573	-	1,561	5,184,573	-	5,184,573
Total	$ 22,821,531	$ (446,057)	$ 94,531	$ 22,034,894	$ (1,167,299)	$ 21,208,175

Maturities of U.S. Treasury securities as of December 31, 2024 and 2023 were as follows (in thousands):

	2024 Fair Value	2023 Fair Value
Held to Maturity (Overnights)	$ 5,592,377	$ 5,184,573
Available-for-Sale:		
Due in one year or less	2,770,255	2,761,472
Due after one year through five years	10,127,531	10,680,426
Due after five years through ten years	3,642,203	2,581,704
Total	$ 22,132,366	$ 21,208,175

For the years ended December 31, 2024 and 2023, 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, 2024 and 2023 (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, 2024:						
Available-for-Sale:						
U.S. Treasury Securities	$ (51,440)	$ 3,164,563	$ (895,617)	$ 13,375,426	$ (947,057)	$ 16,539,989
As of December 31, 2023:						
Available-for-Sale:						
U.S. Treasury Securities	$ -	$ -	$ (1,167,299)	$ 16,023,602	$ (1,167,299)	$ 16,023,602

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, 2024 and 2023 were as follows (in thousands):

	2024			2023		
	NPCU AMEs	Corporate AMEs	Total	NPCU AMEs	Corporate AMEs	Total
Gross Receivables from AMEs	$ 1,180,046	$ 2,408,368	$ 3,588,414	$ 1,392,058	$ 2,415,391	$ 3,807,449
Allowance for Loss, beginning balance	1,391,488	2,345,643	3,737,131	1,394,185	2,380,296	3,774,481
AME Receivable Bad Debt Expense (Reduction)	(932)	(14,904)	(15,836)	(2,315)	(34,653)	(36,968)
Increase / (Decrease) in Allowance	(1,004)	-	(1,004)	(382)	-	(382)
Write-off of Canceled Charters	(209,689)	-	(209,689)	-	-	-
Allowance for Loss, ending balance	1,179,863	2,330,739	3,510,602	1,391,488	2,345,643	3,737,131
Receivables from AMEs, Net	$ 183	$ 77,629	$ 77,812	$ 570	$ 69,748	$ 70,318

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: **C**apital Adequacy, **A**sset Quality, **M**anagement, **E**arnings, **L**iquidity Risk, and **S**ensitivity 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 $237.0 million and $209.0 million as of December 31, 2024 and 2023, respectively. The activity in the Insurance and Guarantee Program Liabilities from insured credit unions and AMEs was as follows (in thousands):

	2024	2023
Beginning balance	$ 209,007	$ 185,228
Reserve expense	28,996	24,766
Payments to settle claims	(5,367)	(7,062)
Recoveries and other adjustments	4,349	6,075
Ending balance	$ 236,985	$ 209,007

The Insurance and Guarantee Program Liabilities at December 31, 2024 and 2023 were comprised of the following:

- Specific reserves were $7.9 million and $6.9 million, respectively.
- General reserves were $229.1 million and $202.1 million, respectively.

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 2024 and 2023 or as of December 31, 2024 and 2023, respectively.

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, 2024 and 2023 were $0. There were no borrowings by insured credit unions from the third-party lenders under line-of-credit guarantees as of December 31, 2024 and 2023. As of December 31, 2024 and 2023, the NCUSIF reserved $0 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, 2024 and 2023.

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 2024 and 2023, the allocation to the NCUSIF was 61.7% and 62.4% of the NCUA Operating Fund's expenses, respectively. The cost of the services allocated to the NCUSIF, which totaled $242.4 million and $229.7 million for the years ended December 31, 2024 and 2023, respectively, is reflected as an expense in the Statements 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	2024	2023
Employee Salaries	$ 123,782	$ 117,107
Employee Benefits	53,028	50,469
Employee Travel	10,986	10,472
Rent, Communications, and Utilities	3,596	3,567
Contracted Services	41,742	38,848
Depreciation and Amortization	6,260	6,085
Administrative Costs	3,008	3,136
Total Services Provided by the NCUA Operating Fund	$ 242,402	$ 229,684

As of December 31, 2024 and 2023, amounts due to the NCUA Operating Fund for allocated expenses were $2.1 million and $1.6 million, respectively.

As of December 31, 2024 and 2023, advances and prepayments with the NCUA Operating Fund for overhead were $14.5 million and $14.4 million, respectively.

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, 2024 and 2023, 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 $21.7 billion and $20.2 billion as of December 31, 2024 and 2023, respectively.

As of December 31, 2024 and 2023, the CLF had a note purchase agreement with the Federal Financing Bank with a maximum principal of $18.0 billion and $15.0 billion, respectively. Advances made under the current promissory note can be made no later than March 31, 2025. The CLF borrowed $1.0 million in 2024 and $1.0 million in 2023.

The NCUSIF did not exercise its borrowing authority in 2024 or 2023.

8. DISCLOSURES RELATED TO THE STATEMENTS OF BUDGETARY RESOURCES

The Statements of Budgetary Resources discloses total budgetary resources available to the NCUSIF, and the status of resources as of December 31, 2024 and 2023. Activity impacting budget totals of the overall federal government budget is recorded in the NCUSIF's Statements of Budgetary Resources budgetary accounts. As of December 31, 2024 and 2023, the NCUSIF's resources in budgetary accounts were $23.3 billion and $22.9 billion, respectively. 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 $44.5 million and $40.0 million in unpaid undelivered orders, and $15.8 million and $15.4 million in paid undelivered orders, as of December 31, 2024 and 2023, respectively. The breakdown of unpaid and paid undelivered orders from federal and non-federal sources as of December 31, 2024 and 2023 are as follows (in thousands):

	2024		2023	
Undelivered Orders	**Paid**	**Unpaid**	**Paid**	**Unpaid**
Federal	$ 14,528	$ 43,469	$ 14,409	$ 38,648
Non-federal	1,292	1,011	1,009	1,413
Total Undelivered Orders	$ 15,820	$ 44,480	$ 15,418	$ 40,061

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 $17.6 billion and $17.2 billion as of December 31, 2024 and 2023, respectively. Contributed capital owed to the NCUSIF from insured credit unions was $0 as of December 31, 2024 and 2023. Contributed capital refunds due to insured credit unions from the NCUSIF was $0 as of December 31, 2024 and 2023.

Pursuant to the FCU Act, the NOL set by the Board for 2024 and 2023 was 1.33%. The NCUSIF equity ratio was 1.30% as of December 31, 2024 and 2023. The NCUSIF available assets ratio was 1.23% and 1.22% as of December 31, 2024 and 2023, respectively. The NCUSIF equity ratio and available assets ratio are both based on total insured shares of $1.8 trillion and $1.7 trillion as of December 31, 2024 and 2023, respectively.

The NCUA Board did not assess premiums and the NCUSIF did not pay distributions to insured credit unions in 2024 and 2023.

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, 2024 and 2023, is as follows (in thousands):

Schedule of Fiduciary Activity	2024	2023
Fiduciary Net Liabilities, beginning of year	$ (1,400,661)	$ (1,402,949)
Net Realized Losses upon Liquidation	-	(39)
Revenues		
Interest on Loans	276	232
Other Fiduciary Revenues	4	26
Expenses		
Professional & Outside Services Expenses	(1,237)	(2,077)
Compensation and Benefits	(479)	(412)
Other Expenses	(64)	(78)
Net Change in Recovery Value of Assets and Liabilities		
Net Gain / (Loss) on Loans	1,122	(1,203)
Other, Net Gain	1,143	5,839
Decrease in Fiduciary Net Liabilities	765	2,288
Write-off of Fiduciary Liabilities for Canceled Charters	209,689	-
Fiduciary Net Liabilities, end of year	**$ (1,190,207)**	**$ (1,400,661)**

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 2024.

The Schedule of Fiduciary Net Liabilities as of December 31, 2024 and 2023, is as follows (in thousands):

Schedule of Fiduciary Net Liabilities	2024	2023
Fiduciary Assets		
Loans	$ 370	$ 4,438
Other Fiduciary Assets	390	633
Total Fiduciary Assets	760	5,071
Fiduciary Liabilities		
Insured Shares	695	1,514
Accrued Liquidation Expenses	6,731	9,137
Unsecured Claims	2,326	1,554
Uninsured Shares	1,169	1,469
Due to the NCUSIF (Note 4)	1,180,046	1,392,058
Total Fiduciary Liabilities	1,190,967	1,405,732
Total Fiduciary Net Liabilities	**$ (1,190,207)**	**$ (1,400,661)**

Loans also includes amounts related to criminal restitution owed to the U.S. Government. As of December 31, 2024 and 2023, gross receivables related to criminal restitution orders were $204.8 million and $209.3 million, of which we determined $18.8 thousand and $26.0 thousand were collectible, respectively.

(b) Corporate AMEs

The Schedule of Fiduciary Activity as of December 31, 2024 and 2023, is as follows (in thousands):

	AMEs	
Schedule of Fiduciary Activity	**2024**	**2023**
Fiduciary Net Liabilities, beginning of year	$ (2,250,725)	$ (2,083,682)
Revenues		
Income From Investment Securities	6,985	9,019
Settlements and Legal Claims	444	11,812
Other Fiduciary Revenues	2,442	5,125
Expenses		
Professional and Outside Service Expenses	(2,838)	(5,290)
Other Expenses	(514)	(69,169)
Net Change in Recovery Value of Assets and Liabilities	20,444	(118,540)
(Increase) / Decrease in Fiduciary Net Liabilities	26,963	(167,043)
Fiduciary Net Liabilities, end of year	**$ (2,223,762)**	**$ (2,250,725)**

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.

For the year ended December 31, 2023, the Corporate AMEs' Fiduciary Net Liabilities increased by $167.0 million mainly due to interim capital distributions to capital account holders, partially offset by gains on sales of legacy assets and legal settlements. The increase represents a loss to the AME claimants.

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

The Schedule of Fiduciary Net Liabilities as of December 31, 2024 and 2023, is as follows (in thousands):

	AMEs	
Schedule of Fiduciary Net Liabilities	**2024**	**2023**
Fiduciary Assets		
Cash and Cash Equivalents	$ 50,904	$ 56,847
Legacy Assets	152,422	145,060
Total Fiduciary Assets	203,326	201,907
Fiduciary Liabilities		
Accrued Expenses	18,677	37,198
Unsecured Claims and Payables	43	43
Due to the NCUSIF (Note 4)	2,408,368	2,415,391
Total Fiduciary Liabilities	2,427,088	2,452,632
Total Fiduciary Net Liabilities	**$ (2,223,762)**	**$ (2,250,725)**

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 2024 and 2023 is shown below (in thousands):

	2024		
Reconciliation of Net Cost of Operations to Net Outlays	**Intra-governmental**	**With the public**	**Total**
Net Cost of / (Income from) Operations	$ 242,402	$ 17,431	$ 259,833
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Provision for Insurance Losses			
Reserve Expense (Reduction)	-	(28,996)	(28,996)
AME Receivable Bad Debt Expense (Reduction)	-	15,836	15,836
Increase / (decrease) in assets:			
Accounts Receivable	-	-	-
Other Assets	119	283	402
(Increase) / decrease in liabilities:			
Accounts Payable	(492)	(374)	(866)
Other Liabilities	-	(235)	(235)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	(373)	(13,486)	(13,859)
Components of the Budgetary Outlays That Are Not Part of Net Operating Cost			
Change in Receivables from AMEs	-	(9,345)	(9,345)
Interest Revenue - Investments	(573,618)	-	(573,618)
Change in Contributed Capital	-	(370,157)	(370,157)
Other Adjustments that do not affect Net Cost of Operations	(80,578)	2,021	(78,557)
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	(654,196)	(377,481)	(1,031,677)
Net Outlays	$ (412,167)	$ (373,536)	$ (785,703)

Reconciliation of Net Cost of Operations to Net Outlays	2023 Intra-governmental	2023 With the public	2023 Total
Net Cost of / (Income from) Operations	$ 229,684	$ (7,691)	$ 221,993
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Provision for Insurance Losses			
Reserve Expense (Reduction)	-	(24,766)	(24,766)
AME Receivable Bad Debt Expense (Reduction)	-	36,968	36,968
Increase / (decrease) in assets:			
Accounts Receivable	(1,338)	-	(1,338)
Other Assets	2,150	(209)	1,941
(Increase) / decrease in liabilities:			
Accounts Payable	(1,629)	33	(1,596)
Other Liabilities	-	526	526
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	(817)	12,552	11,735
Components of the Budgetary Outlays That Are Not Part of Net Operating Cost			
Change in Receivables from AMEs	-	(43,495)	(43,495)
Interest Revenue - Investments	(445,120)	-	(445,120)
Change in Contributed Capital	-	(318,425)	(318,425)
Other Adjustments that do not affect Net Cost of Operations	(156,490)	1,368	(155,122)
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	(601,610)	(360,552)	(962,162)
Net Outlays	$ (372,743)	$ (355,691)	$ (728,434)

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 13, 2025, 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, 2024.

Financial Information

National Credit Union Administration Operating Fund

Financial Statements as of and for the Years Ended December 31, 2024 and 2023, and Independent Auditors' Report

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

Independent Auditors' Report

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, 2024, and 2023, and the related statement of revenues, expenses, and changes in fund balance, and cash flows for the years 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, 2024, and 2023 and its revenues, expenses, and changes in fund balance and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits 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 audits. 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,

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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, 2024, 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, 2024, 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. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC
February 13, 2025

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND

BALANCE SHEETS
As of December 31, 2024 and 2023
(Dollars in thousands)

	2024	2023
ASSETS		
Cash and cash equivalents (Note 3)	$ 120,684	$ 116,187
Due from National Credit Union Share Insurance Fund (Note 7)	2,140	1,648
Employee advances	10	-
Other accounts receivable, Net	572	605
Prepaid expenses and other assets (Note 4)	6,675	5,695
Operating lease right-of-use assets	6,944	1,932
Fixed assets - Net of accumulated depreciation of $48,181 and $43,908 as of December 31, 2024 and 2023, respectively (Note 5)	31,124	34,091
Intangible assets - Net of accumulated amortization of $40,133 and $35,547 as of December 31, 2024 and 2023, respectively (Note 6)	19,546	22,455
TOTAL ASSETS	$ 187,695	$ 182,613
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	$ 23,029	$ 21,642
Operating lease liabilities (Note 8)	7,316	2,032
Finance lease liabilities (Note 8)	113	146
Accrued wages and benefits	18,784	15,586
Accrued FECA and unemployment benefits	86	168
Accrued actuarial FECA benefits	3,244	3,664
Accrued annual leave	25,529	24,211
Accrued employee travel	299	276
TOTAL LIABILITIES	78,400	67,725
COMMITMENTS AND CONTINGENCIES (Notes 8, 11, and 12)		
FUND BALANCE	109,295	114,888
TOTAL LIABILITIES AND FUND BALANCE	$ 187,695	$ 182,613

See accompanying notes to the financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
For the Years Ended December 31, 2024 and 2023
(Dollars in thousands)

	2024	2023
REVENUES		
Operating fees	$ 138,349	$ 114,728
Interest	7,078	6,882
Other	528	415
Total Revenues	145,955	122,025
EXPENSES, NET (Notes 7 and 8)		
Employee wages and benefits	111,071	102,772
Travel	6,841	6,333
Rent, communications, and utilities	2,215	2,154
Contracted services	25,760	23,418
Depreciation and amortization	3,792	3,687
Administrative	1,869	1,912
Total Expenses, Net	151,548	140,276
EXCESS OF EXPENSES OVER REVENUES	(5,593)	(18,251)
FUND BALANCE—Beginning of year	114,888	133,139
FUND BALANCE—End of year	$ 109,295	$ 114,888

See accompanying notes to the financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023
(Dollars in thousands)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of expenses over revenues	$ (5,593)	$ (18,251)
Adjustments to reconcile excess of expenses over revenues to net cash provided by operating activities before allocation to the NCUSIF:		
Depreciation and amortization	10,052	9,771
Noncash operating lease expense	545	397
(Gain) / Loss on fixed and intangible asset retirements	-	17
(Increase) / decrease in assets:		
Due from National Credit Union Share Insurance Fund	(492)	(1,629)
Employee advances	(10)	-
Other accounts receivable, net	33	(252)
Prepaid expenses and other assets	(980)	(1,025)
(Decrease) / increase in liabilities:		
Accounts payable	452	912
Operating lease liabilities	(274)	(314)
Accrued wages and benefits	3,198	3,940
Accrued FECA and unemployment benefits	(82)	(16)
Accrued actuarial FECA benefits	(420)	381
Accrued annual leave	1,318	1,099
Accrued employee travel	23	26
Net Cash Provided by / (Used in) Operating Activities	7,770	(4,944)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed and intangible assets	(3,167)	(5,835)
Net Cash Used in Investing Activities	(3,167)	(5,835)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments under finance lease liabilities	(106)	(45)
Net Cash Used in Financing Activities	(106)	(45)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	4,497	(10,824)
CASH AND CASH EQUIVALENTS—Beginning of year	116,187	127,011
CASH AND CASH EQUIVALENTS—End of year	$ 120,684	$ 116,187
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
Purchase of fixed and intangible assets in accounts payable	$ (935)	$ (129)
Recognition of operating lease right-of-use assets	$ 5,558	$ 2,021
Acquisition of equipment under finance lease	$ (73)	$ (31)

See accompanying notes to the financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

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.

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) if there is any determination of a long-lived asset impairment, the related measurement of the impairment charges.

Related Party Transactions – The Fund exists within the NCUA and is one of four funds managed by the NCUA Board during 2024 and 2023. 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.

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 in 2024 and 2023 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.

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	2-3 years
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.

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

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.

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.

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.

Revenue Recognition – Interest revenue and other revenue relating to parking income and rental income is recognized when earned.

Leases – 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.

As the lessee, the NCUA classifies all leases with original lease terms less than one year as short-term leases. The NCUA classifies all other leases which transfer substantially all the risks and rewards of ownership to the NCUA as finance leases. The NCUA classifies the remaining leases, not classified as short-term leases or finance leases, as operating leases. The NCUA considers a lease term to include all noncancelable periods and renewal periods when the NCUA is reasonably certain that it will exercise the related renewal option. For short-term leases, the NCUA records lease expenses in rent, communication, and utilities in the statement of revenues, expenses, and changes in fund balance.

For both operating and finance leases, ROU assets and lease liabilities 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.

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.

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.

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, 2024 and 2023 are as follows (in thousands):

	2024	2023
Deposits with U.S. Treasury	$ 20,113	$ 19,382
U.S. Treasury Overnight Investments	100,571	96,805
Total	$ 120,684	$ 116,187

As of December 31, 2024 and 2023, 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, 2024, Prepaid expenses and other assets of $6.7 million included $6.1 million of advanced payments for goods and services and $601.7 thousand of prepaid implementation costs incurred in service contracts.

As of December 31, 2023, Prepaid expenses and other assets of $5.7 million included $4.7 million of advanced payments for goods and services and $980.3 thousand of prepaid implementation costs incurred in service contracts.

The presentation of the prepaid implementation costs in the table below was updated to exclude implementation costs incurred in service contracts that have been fully amortized prior to 2023. Prepaid implementation costs are comprised of the following as of December 31, 2024 and 2023 (in thousands):

	2024	2023
Prepaid implementation costs	$ 1,437	$ 1,909
Less current year amortization expense	(835)	(929)
Net Total	$ 602	$ 980

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 years ended December 31, 2024 and 2023 totaled $835.3 thousand and $929.1 thousand, respectively.

5. FIXED ASSETS

Fixed assets are comprised of the following as of December 31, 2024 and 2023 (in thousands):

	2024	2023
Office building and land	$ 64,598	$ 64,598
Furniture and equipment	13,457	11,005
Leasehold improvements	724	107
Equipment under finance leases	272	226
Total assets in-use	79,051	75,936
Less accumulated depreciation	(48,181)	(43,908)
Assets in-use, Net	30,870	32,028
Construction in progress	254	2,063
Fixed assets, Net	$ 31,124	$ 34,091

Depreciation expense for the years ended December 31, 2024 and 2023 totaled $5.3 million and $4.5 million, respectively, before allocation to the NCUSIF as described in Note 7. Construction in progress includes costs associated with equipment not currently placed in service.

6. INTANGIBLE ASSETS

Intangible assets are comprised of the following as of December 31, 2024 and 2023 (in thousands):

	2024	2023
Internal-use software	$ 58,924	$ 57,725
Less accumulated amortization	(40,133)	(35,547)
Total Internal-use software, Net	18,791	22,178
Internal-use software under development	755	277
Intangible assets, Net	$ 19,546	$ 22,455

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 $1.3 million and $1.2 million in new capitalized internal-use software were implemented in 2024 and 2023, respectively. Amortization begins on the date the software is placed in service. Amortization expense for the years ended December 31, 2024 and 2023 totaled $4.7 million and $5.2 million, respectively, 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 2024 and 2023, the allocation to the NCUSIF was 61.7% and 62.4% of all expenses, respectively. The cost of the services allocated to the NCUSIF totaled $242.4 million and $229.7 million for 2024 and 2023, respectively. The Fund's expenses in the accompanying financial statements are presented net of these amounts. As of December 31, 2024 and 2023, amounts due from the NCUSIF totaled $2.1 million and $1.6 million, respectively. As of December 31, 2024 and 2023, the liability for advances and prepayments from the NCUSIF for overhead was $14.5 million and $14.4 million, respectively.

(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 CLF's remaining reimbursement expenses are paid annually. The costs of the services provided to the CLF were $1.7 million and $1.8 million for the years ended December 31, 2024 and 2023, respectively. The Fund's expenses in the accompanying financial statements are presented net of these amounts. As of December 31, 2024 and 2023, amounts due from the CLF, included within other accounts receivable net, totaled $399.4 thousand and $496.0 thousand, respectively.

(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 years ended December 31, 2024 and 2023, unreimbursed administrative support to the CDRLF is $1.2 million and $905.3 thousand, respectively.

(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 six voting Council Members.

The NCUA is one of the five 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 years ended December 31, 2024 and 2023, FFIEC assessments totaled $1.9 million and $1.4 million, respectively. In addition, the NCUA received refunds of $4.2 thousand and $51.9 thousand in 2024 and 2023, respectively, due to lower than anticipated costs related to prior year payments. The NCUA's 2025 budgeted assessments from FFIEC total $2.2 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 $398.6 thousand and $326.3 thousand for 2024 and 2023, respectively. 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 2026. 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 years ended December 31, 2024 and 2023 (in thousands):

	Year Ended December 31, 2024	Year Ended December 31, 2023
Finance lease cost:		
Amortization of right-of-use assets	$ 64	$ 20
Interest on lease liabilities	2	27
Total finance lease cost	66	47
Operating lease cost	634	411
Total lease cost	$ 700	$ 458

The weighted-average discount rate associated with operating leases as of December 31, 2024 and 2023, was 2.40% and 2.13%, respectively; while the weighted-average discount rate associated with finance leases was 1.36% and 1.38%, respectively. The weighted-average remaining lease term associated with operating leases as of December 31, 2024 and 2023, was 7.38 years and 5.17 years, respectively; while the weighted-average remaining lease term associated with finance leases was 1.78 years and 2.73 years, respectively.

The table below 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, 2024 (in thousands):

Lease Liability Maturities:	**Finance Leases**	**Operating Leases**	**Total Leases**
2025	$ 64	$ 1,218	$ 1,282
2026	50	1,244	1,294
2027	-	1,271	1,271
2028	-	1,299	1,299
2029	-	906	906
Thereafter	-	3,016	3,016
Total Undiscounted Lease Payments	114	8,954	9,068
Less: Present Value Adjustment	(1)	(1,638)	(1,639)
Net Lease Liabilities	$ 113	$ 7,316	$ 7,429

There were no material operating or finance leases that the NCUA had entered into and that were yet to commence as of December 31, 2024.

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 2024 and 2023, the Elective Deferral Limit was $23,000 and $22,500, respectively, and the Catch-up Contribution Limit for eligible employees was $7,500 and $7,500, respectively. In addition, the Fund matches up to 5.0% of the employee's gross pay.

As of December 31, 2024 and 2023, the Fund's contributions to retirement plans were $44.1 million and $41.3 million, respectively.

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, 2024 and 2023, the Fund's contributions to the NCUA Savings Plan were $9.2 million and $8.5 million, respectively. The gross operating expenses associated with the NCUA Savings Plan in 2024 and 2023 were $120.1 thousand and $122.2 thousand, respectively.

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, 2024 and 2023 (in thousands):

	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 120,684	$ 120,684	$ 116,187	$ 116,187
Due from NCUSIF	2,140	2,140	1,648	1,648
Employee advances	10	10	-	-
Other accounts receivable, Net	572	572	605	605

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 2025.

Employee advances – The carrying amount for employee advances approximates fair value.

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, 2024 and 2023, the Fund's other accounts receivable, net includes an allowance in the amount of $0.5 thousand and $4.0 thousand, respectively.

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, 2024, the NCUA had four asserted and pending legal claims with a reasonably possible likelihood of loss and estimated range of loss from $150.0 thousand to $1.2 million. As of December 31, 2024, the NCUA did not have any probable losses from asserted and pending legal claims.

As of December 31, 2023, the NCUA had six asserted and pending legal claims with a reasonably possible likelihood of loss and estimated range of loss from $45.0 thousand to $290.0 thousand. As of December 31, 2023, 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, 2025, which is the date the financial statements were available to be issued. In February 2025, the NCUA entered into an agreement with the General Services Administration (GSA) to publicly advertise the sale/auction of NCUA's Southern Region office building and related land located in Austin, Texas.

Financial Information

National Credit Union Administration
Central Liquidity Facility

Financial Statements as of and for the Years Ended December 31, 2024 and 2023, and Independent Auditors' Report

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

Independent Auditors' Report

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, 2024, and 2023, and the related statements of operations, members' equity, and cash flows for the years 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, 2024, and 2023 and the results of its operations, members' equity and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits 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 audits. 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.

KPMG

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, 2024, 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, 2024, 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.

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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. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC
February 13, 2025

NATIONAL CREDIT UNION ADMINISTRATION
CENTRAL LIQUIDITY FACILITY

BALANCE SHEETS
As of December 31, 2024 and 2023
(Dollars in thousands, except share data)

	2024	2023
ASSETS		
Cash and Cash Equivalents (Notes 3 and 5)	$ 111,820	$ 48,483
Investments Held to Maturity (Net of $7,070 and $2,043 unamortized discount as of 2024 and 2023, respectively, fair value of $853,601 and $836,383 as of 2024 and 2023, respectively) (Notes 4 and 5)	862,230	845,857
Loans to Members (Notes 5 and 6)	-	1,000
Prepaid Expenses (Note 5)	4	-
Accrued Interest Receivable (Note 5)	4,199	6,221
TOTAL ASSETS	$ 978,253	$ 901,561
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Accounts Payable (Notes 5 and 10)	$ 750	$ 663
Dividends and Interest Payable (Note 5)	9,062	9,801
Stock Redemption Payable (Note 5)	426	169
Notes Payable (Note 5 and 9)	-	1,000
Accrued Interest Payable (Note 5)	-	3
Member Deposits (Notes 5 and 8)	39,267	26,499
Total Liabilities	49,505	38,135
MEMBERS' EQUITY		
Capital Stock – Required ($50 per share par value authorized: 35,349,548 and 32,891,390 shares; issued and outstanding: 17,674,774 and 16,445,695 shares as of 2024 and 2023, respectively) (Note 7)	883,739	822,285
Retained Earnings	45,009	41,141
Total Members' Equity	928,748	863,426
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 978,253	$ 901,561

See accompanying notes to the financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
CENTRAL LIQUIDITY FACILITY

STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2024 and 2023
(Dollars in thousands)

	2024	2023
REVENUE		
Investment Income	$ 45,081	$ 39,312
Interest on Loans (Note 5)	15	3
Total Revenue	45,096	39,315
EXPENSES (Note 10)		
Personnel Services	1,063	1,059
Personnel Benefits	481	522
Other General and Administrative Expenses	556	587
Total Operating Expenses	2,100	2,168
Interest – Notes Payable (Note 5)	15	3
Interest – Member Deposits (Note 8)	1,344	739
Total Expenses	3,459	2,910
NET INCOME	$ 41,637	$ 36,405

See accompanying notes to the financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
CENTRAL LIQUIDITY FACILITY

STATEMENTS OF MEMBERS' EQUITY
For the Years Ended December 31, 2024 and 2023
(Dollars in thousands, except share data)

	Capital Stock			
	Shares	Amount	Retained Earnings	Total
BALANCE – December 31, 2022	13,959,256	$ 697,963	$ 39,942	$ 737,905
Issuance of Required Capital Stock	2,739,971	136,999		136,999
Redemption of Required Capital Stock	(253,532)	(12,677)		(12,677)
Dividends Declared (Notes 7 and 8)			(35,206)	(35,206)
Net Income			36,405	36,405
BALANCE – December 31, 2023	16,445,695	$ 822,285	$ 41,141	$ 863,426
Issuance of Required Capital Stock	1,499,388	74,969		74,969
Redemption of Required Capital Stock	(270,309)	(13,515)		(13,515)
Dividends Declared (Notes 7 and 8)			(37,769)	(37,769)
Net Income			41,637	41,637
BALANCE – December 31, 2024	17,674,774	$ 883,739	$ 45,009	$ 928,748

See accompanying notes to the financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
CENTRAL LIQUIDITY FACILITY

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023
(Dollars in thousands)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 41,637	$ 36,405
Adjustments to Reconcile Net Income		
to Net Cash Provided by Operating Activities:		
Amortization of Investments	(11,497)	(2,694)
Interest - Member Deposits	1,344	739
Changes in Assets and Liabilities:		
(Increase) / Decrease in Prepaid Expenses	(4)	-
(Increase) / Decrease in Accrued Interest Receivable	2,022	(1,490)
Increase in Accounts Payable	87	273
Increase / (Decrease) in Accrued Interest Payable	(3)	3
Net Cash Provided by Operating Activities	33,586	33,236
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(851,476)	(615,116)
Proceeds from Maturing Investments	846,600	430,700
Net Cash Used in Investing Activities	(4,876)	(184,416)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of Required Capital Stock	53,314	124,310
Redemption of Capital Stock	(7,553)	(11,168)
Withdrawal of Member Deposits	(11,134)	(5,578)
Net Cash Provided by Financing Activities	34,627	107,564
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	63,337	(43,616)
CASH AND CASH EQUIVALENTS–Beginning of Year	48,483	92,099
CASH AND CASH EQUIVALENTS–End of Year	$ 111,820	$ 48,483
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:		
Loans from Federal Financing Bank provided to CLF members	$ 1,000	$ 1,000

See accompanying notes to the financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
CENTRAL LIQUIDITY FACILITY

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

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, 7 and 9 for further information about the capital stock and 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.

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 Statements 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 2024, the CLF's lendng activity included one loan. Lending activity for 2023 also included one loan. As of December 31, 2024 and 2023, there were no allowances and no write-offs.

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, 2024 and 2023 are as follows (in thousands):

	2024	2023
U.S. Treasury Overnight Investments	$ 111,720	$ 47,983
Deposits with U.S. Treasury	100	500
Total	$ 111,820	$ 48,483

U.S. Treasury securities had an initial term of less than three months when purchased. As of December 31, 2024 and December 31, 2023, 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, 2024 and 2023 were as follows (in thousands):

	2024	2023
Carrying Amount as of December 31	$ 862,230	$ 845,857
Gross Unrealized Holding Gains	211	74
Gross Unrealized Holding Losses	(8,840)	(9,548)
Fair Value	$ 853,601	$ 836,383

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

	2024		2023	
(Dollars in thousands)	Net Carrying Amount	Fair Value	Net Carrying Amount	Fair Value
Due in one year or less	$ 534,605	$ 534,557	$ 499,693	$ 499,271
Due after one year through five years	286,333	283,646	302,937	300,061
Due after five years through ten years	41,292	35,398	43,227	37,051
Total	$ 862,230	$ 853,601	$ 845,857	$ 836,383

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, 2024 and 2023.

	Losses Less than 12 Months		Losses More than 12 Months		Total	
(Dollars in thousands)	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
As of December 31, 2024						
U.S. Treasury Securities	$ (602)	$ 170,218	$ (8,238)	$ 92,867	$ (8,840)	$ 263,085
As of December 31, 2023						
U.S. Treasury Securities	$ (275)	$ 399,728	$ (9,273)	$ 298,453	$ (9,548)	$ 698,181

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 – Loans to members, prepaid expenses, 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, 2024 and 2023. The carrying values and approximate fair values of the CLF's financial instruments are as follows:

	2024		2023	
(Dollars in thousands)	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and Cash Equivalents	$ 111,820	$ 111,820	$ 48,483	$ 48,483
Investments Held to Maturity	862,230	853,601	845,857	836,383
Loans to Members	-	-	1,000	1,000
Prepaid Expenses	4	4	-	-
Accrued Interest Receivable	4,199	4,199	6,221	6,221
Accounts Payable	750	750	663	663
Dividends and Interest Payable	9,062	9,062	9,801	9,801
Stock Redemption Payable	426	426	169	169
Note Payable	-	-	1,000	1,000
Accrued Interest Payable	-	-	3	3
Member Deposits	39,267	39,267	26,499	26,499

6. LOANS TO MEMBERS

Loans receivable, net as of December 31, 2024 and 2023 consisted of the following (Dollars in thousands):

	2024	2023
Beginning Balance	$ 1,000	$ -
Loan Disbursements	1,000	1,000
Loan Repayments	(2,000)	-
Loans Receivable	-	1,000
Allowance for Loan Losses	-	-
Loans Receivable, Net	$ -	$ 1,000

The allowance for credit losses was $0 for the years ended December 31, 2024 and 2023 and the CLF did not have any loans in past-due status as of December 31, 2024 and 2023.

7. 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, 2024 and 2023 (amounts in thousands, except share data):

	2024		2023	
	Shares	Amounts	Shares	Amounts
Regular members	17,674,774	$ 883,739	16,445,695	$ 822,285

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 2024, the dividend rate was $2.27 per share for the first quarter, $2.28 per share for the second quarter, $2.23 per share for the third quarter, and $1.95 per share for the fourth quarter. For 2023, the dividend rate was $2.07 per share for the first quarter, $2.30 per share for the second quarter, $2.31 per share for the third and fourth quarters.

8. 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.

9. 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, 2024 and 2023, the CLF's statutory borrowing authority was $21.7 billion and $20.2 billion, respectively.

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 $18.0 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, 2025. The CLF borrowed $1.0 million in 2024 and $1.0 million in 2023.

10. 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. All other CLF reimbursement expenses are paid annually. The total amount charged by the NCUA was approximately $1.7 million and $1.8 million, respectively, for December 31, 2024 and 2023. Accounts payable includes approximately $399.4 thousand and $496.0 thousand, respectively, for December 31, 2024 and 2023, due to the NCUA OF for services provided.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 13, 2025, 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, 2024.

Financial Information

National Credit Union Administration Community Development Revolving Loan Fund

Financial Statements as of and for the Years Ended December 31, 2024 and 2023, and Independent Auditors' Report

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

Independent Auditors' Report

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, 2024, and 2023, and the related statements of operations, changes in fund balance, and cash flows for the years 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, 2024, and 2023 and the results of its operations, changes in fund balance and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits 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 audits. 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

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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, 2024, 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.

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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, 2024, 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. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC
February 13, 2025

NATIONAL CREDIT UNION ADMINISTRATION
COMMUNITY DEVELOPMENT REVOLVING LOAN FUND

BALANCE SHEETS
As of December 31, 2024 and 2023
(Dollars in thousands)

	2024	2023
ASSETS		
Cash and Cash Equivalents (Notes 3 and 7)	$ 19,220	$ 17,274
Loans Receivable, Net (Notes 4 and 7)	3,883	3,250
Interest Receivable (Note 7)	8	12
TOTAL ASSETS	$ 23,111	$ 20,536
LIABILITIES AND FUND BALANCE		
Accrued Technical Assistance Grants (Note 7)	$ 6,001	$ 4,293
Fund Balance		
Fund Capital	14,732	14,354
Accumulated Earnings	2,378	1,889
Total Fund Balance	17,110	16,243
TOTAL LIABILITIES AND FUND BALANCE	$ 23,111	$ 20,536

See accompanying notes to the financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
COMMUNITY DEVELOPMENT REVOLVING LOAN FUND

STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2024 and 2023
(Dollars in thousands)

	2024	2023
REVENUES		
Interest on Cash Equivalents	$ 577	$ 537
Interest on Loans	50	32
Appropriations Used (Note 5)	3,111	3,546
Canceled Technical Assistance Grants (Note 5)	(321)	(442)
TOTAL REVENUES	3,417	3,673
EXPENSES		
Technical Assistance Grants (Note 5)	3,249	3,569
Canceled Technical Assistance Grants (Note 5)	(321)	(463)
TOTAL EXPENSES	2,928	3,106
NET INCOME	$ 489	$ 567

See accompanying notes to the financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
COMMUNITY DEVELOPMENT REVOLVING LOAN FUND

STATEMENTS OF CHANGES IN FUND BALANCE
For the Years Ended December 31, 2024 and 2023
(Dollars in thousands)

	Fund Capital				
	For Loans	For Technical Assistance	Total Fund Capital	Accumulated Earnings	Total Fund Balance
December 31, 2022	$ 13,388	$ 1,041	$ 14,429	$ 1,322	$ 15,751
Appropriations Received (Note 5)	-	3,500	3,500	-	3,500
Appropriations Used (Note 5)	-	(3,546)	(3,546)	-	(3,546)
Canceled Appropriations Returned to Treasury (Note 5)	-	(471)	(471)	-	(471)
Canceled Technical Assistance Grants (Note 5)	-	442	442	-	442
Net Income	-	-	-	567	567
December 31, 2023	$ 13,388	$ 966	$ 14,354	$ 1,889	$ 16,243
Appropriations Received (Note 5)	-	3,465	3,465	-	3,465
Appropriations Used (Note 5)	-	(3,111)	(3,111)	-	(3,111)
Canceled Appropriations Returned to Treasury (Note 5)	-	(297)	(297)	-	(297)
Canceled Technical Assistance Grants (Note 5)	-	321	321	-	321
Net Income	-	-	-	489	489
December 31, 2024	$ 13,388	$ 1,344	$ 14,732	$ 2,378	$ 17,110

See accompanying notes to the financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
COMMUNITY DEVELOPMENT REVOLVING LOAN FUND

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023
(Dollars in thousands)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 489	$ 567
Adjustments to Reconcile Net Income to Net Cash Used in Operating Activities		
Appropriations Used	(3,111)	(3,546)
Canceled Technical Assistance Grants	321	442
Changes in Assets and Liabilities		
(Increase) / Decrease in Interest Receivable	4	(7)
Increase in Accrued Technical Assistance Grants	1,708	1,809
Net Cash Used in Operating Activities	(589)	(735)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan Principal Repayments	1,000	3,500
Loan Disbursements	(1,633)	(2,250)
Net Cash Provided by / (Used in) Investing Activities	(633)	1,250
CASH FLOWS FROM FINANCING ACTIVITIES		
Appropriations Received 2024/2025	3,465	-
Canceled Appropriations Returned to Treasury 2018/2019	(297)	-
Appropriations Received 2023/2024	-	3,500
Canceled Appropriations Returned to Treasury 2017/2018	-	(471)
Net Cash Provided by Financing Activities	3,168	3,029
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,946	3,544
CASH AND CASH EQUIVALENTS — Beginning of year	17,274	13,730
CASH AND CASH EQUIVALENTS — End of year	$ 19,220	$ 17,274

See accompanying notes to the financial statements.

NATIONAL CREDIT UNION ADMINISTRATION
COMMUNITY DEVELOPMENT REVOLVING LOAN FUND

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

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.

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 in 2024 and 2023 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 CAMELS[1] 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, 2024 and 2023 are as follows (in thousands):

	2024	2023
Deposits with U.S. Treasury	$ 8,249	$ 6,244
U.S. Treasury Overnight Investments	10,971	11,030
Total	$ 19,220	$ 17,274

As of December 31, 2024 and 2023, the NCUA 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, 2024 and 2023 consisted of the following (in thousands):

	2024	2023
Loans to Participating Credit Unions	$ 3,883	$ 3,250
Loans Receivable	3,883	3,250
Allowance for Credit Losses	-	-
Loans Receivable, Net	$ 3,883	$ 3,250

The allowance for credit losses was $0 for the years ended December 31, 2024 and 2023 and the CDRLF did not have any loans in past-due status as of December 31, 2024 and 2023.

Loans outstanding as of December 31, 2024, are scheduled to be repaid as follows (in thousands):

Year	Amount
2025	$ -
2026	-
2027	500
2028	2,000
2029	1,383
Loans Outstanding	$ 3,883
Allowance for Credit Losses	-
Total Loans Receivable, Net	$ 3,883

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 2024, the CDRLF received a $3.5 million appropriation from Congress. This multiyear appropriation is available for obligation through September 30, 2025. As of December 31, 2024, the CDRLF obligated $3.1 million and canceled $320.7 thousand of technical assistance grants awarded from multiyear funds.

In 2023, the CDRLF received a $3.5 million appropriation from Congress. This multiyear appropriation is available for obligation through September 30, 2024. As of December 31, 2023, the CDRLF obligated $3.5 million and canceled $441.8 thousand of technical assistance grants awarded from multiyear funds.

Canceled appropriations returned to Treasury were $296.7 thousand from the FY 2018 appropriation and $470.8 thousand from the FY 2017 appropriation in 2024 and 2023, respectively.

Revolving Fund
As of December 31, 2024, the CDRLF awarded $137.4 thousand and canceled $0 of technical assistance grants awarded from the revolving fund. As of December 31, 2023, the CDRLF awarded $22.5 thousand and canceled $21.1 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 $1.5 million and $1.0 million as of December 31, 2024 and 2023, respectively.

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, 2024 and 2023 (in thousands):

	2024		2023	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets				
Cash and Cash Equivalents	$ 19,220	$ 19,220	$ 17,274	$ 17,274
Loans Receivable, Net	3,883	3,883	3,250	3,426
Interest Receivable	8	8	12	12
Liabilities				
Accrued Technical Assistance Grants	6,001	6,001	4,293	4,293

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 years ended December 31, 2024 and 2023, the NCUA, through the OF, provided the following unreimbursed administrative support to the CDRLF (in thousands):

	2024	2023
Personnel	$ 1,114	$ 777
Other	83	128
Total	$ 1,197	$ 905

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 13, 2025, 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, 2024.

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 the NCUA or through the audit process. The NCUA reported no material weaknesses in 2024.

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 the NCUA's efforts to maintain payment integrity and to develop effective controls designed to prevent, detect, and recover improper payments. The NCUA did not have any high-risk programs in 2024.

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 the 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 2024 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

National Credit Union Administration

Office of Inspector General

OIG/JH

SENT BY EMAIL

TO: The Honorable Kyle S. Hauptman, Chairman
The Honorable, Todd M. Harper, Board Member
The Honorable Tanya F. Otsuka, Board Member

FROM: Inspector General James W. Hagen

SUBJ: Top Management and Performance Challenges Facing the National Credit Union Administration for 2025

DATE: February 11, 2025

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 (NCUA) for 2025 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. Managing Interest Rate Risk
2. Managing Credit and Liquidity Risks
3. Cybersecurity – Protecting Systems and Data
4. Risks Posed by Third-Party Service Providers
5. Implementation of Artificial Intelligence (AI)

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 programs and operations at the NCUA and the challenges it faces.

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 Bill Bruns, Deputy Inspector General.

Attachment

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cc: Executive Director Larry D. Fazio
Deputy Executive Director (Acting) Towanda A. Brooks
General Counsel Frank S. Kressman
Acting Director, Office of External Affairs and Communications Alfred V. Garesche

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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 my office identified for 2025.

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.

Agency Strategic Goals

In its 2022-2026 Strategic Plan, the NCUA states that its strategic goals will be to (1) ensure a safe, sound, and viable system of cooperative credit that protects consumers, (2) improve the financial well-being of individuals and communities through access to affordable and equitable financial products and services, and (3) maximize organizational performance to enable mission success.

AGENCY CHALLENGES

Managing Interest Rate Risk

The economic environment is a key determinant of credit union performance. The Federal Reserve adjusts the federal funds rate based on economic indicators with the goal of achieving its dual mandate of keeping prices stable and maximizing employment. Despite recent rate cuts, the tightening in U.S. monetary policy over the past 2 years has increased the importance of interest rate risk management at credit unions as higher interest rates continue to expand market risk. Job and wage growth and low unemployment supported consumer spending throughout the year, with spending growth strengthening in the second half of 2024 as inflation continued to move lower.

High levels of interest rate risk can increase a credit union's liquidity risks, contribute to asset quality deterioration and capital erosion, and put pressure on earnings. As stated in our previous management challenges statement, 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 for those credit unions whose assets are concentrated in fixed-rate long term mortgages that were 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 I believe has helped the agency focus on these risks to ensure they remain within safe and sound policy limits.

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For 2025, credit unions' ability to manage and mitigate interest rate risk and the NCUA's continued focus to ensure this risk is monitored and measured will continue to be extremely important. Therefore, the NCUA must continue to analyze the S component to determine whether credit unions are proactively managing their interest rate risk and the related risks to capital, asset quality, earnings, and liquidity to ensure their overall level of interest exposure is properly measured and controlled.

Managing Credit Risk and Liquidity Risk

The Congressional Budget Office (CBO) projects that the growth of real gross domestic product (GDP) will decrease from an estimated 2.3 percent in calendar year 2024 to 1.9 percent in 2025. Since June 2024, when the CBO published its updated economic forecast, projections of the average growth rate of GDP over the 2024–2026 period have changed little. The CBO lowered its forecast of employment growth over that period and expects inflation to be slightly higher, on average, in 2025.[1] Slowing employment growth and moderately higher inflation could cause challenges for credit unions, such as reduced loan demand and higher credit risk. The changing interest rate environment could also affect credit union performance. In 2023, rising short-term interest rates put pressure on credit unions to raise deposit rates to avoid deposit attrition. The decline in short-term interest rates in late 2024 should relieve pressure on credit union funding costs and liquidity, and many experts believe long-term rates also will decline, which could put downward pressure on credit union loan rates.

The NCUA has taken actions to address credit and liquidity risks. Agency regulations contain credit union contingency funding plan expectations scaled according to a credit union's assets. In July 2023, the NCUA issued Letter to Credit Unions 23-CU-06, *Importance of Contingency Funding Plans*, and added an addendum to the 2010 *Interagency Policy Statement on Funding and Liquidity Risk Management*, both of which continue to reinforce the need for credit unions to adjust to changing market conditions. It is imperative the NCUA continues to examine credit unions under this framework in 2025. Also, audit report #OIG-15-11 recommended that the NCUA modify the "L" (Liquidity) in the CAMELS rating system to not only evaluate credit unions' policies, procedures, and risk limits, but also credit unions' current and prospective sources of liquidity, the adequacy of its liquidity risk management framework relative to its size, complexity, and risk profile compared to funding needs. The NCUA has been reviewing these expanded areas of the "L" component since April 2022.

Cybersecurity and IT Governance – Protecting Systems and Data

As stated in our previous management challenges statement, 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,

[1] The Budget and Economic Outlook: 2025 to 2035 | Congressional Budget Office

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and other forms of cyberattacks are causing challenges at credit unions of all sizes, which will require credit unions to continually evolve and adapt to counter these threats effectively. These trends are likely to continue, and even accelerate, in the years ahead.

For 2025, the NCUA must 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 must remain focused on advancing consistency, transparency, and accountability within its information technology and cybersecurity examination program. To help the agency provide credit unions the capability to conduct a maturity assessment aligned with the Federal Financial Institutions Examination Council Cybersecurity Assessment Tool, the NCUA must continue to improve and enhance its Information Security Examination (ISE) program. Building off its Automated Cybersecurity Evaluation Tool (ACET) application, which allows institutions, regardless of size, to voluntarily maintain a high level of vigilance and ability to respond to evolving cybersecurity threats by measuring their cybersecurity preparedness and identifying opportunities for improvement, the ISE program will provide examiners with standardized review steps that should facilitate advanced data collection and analysis. It is important that the NCUA continues to encourage credit unions to access the NCUA's Cybersecurity Resources webpage for cybersecurity information and resources. These resources provide valuable insights and guidance to help credit unions strengthen their cybersecurity stance and stay abreast of the latest developments.

Last year's management challenges statement highlighted the growing frequency and severity of cyber incidents within the financial services industry, which unfortunately still holds true. Since September 2023, the NCUA's Cyber Incident Notification Reporting Rule has required federally insured credit unions to notify the NCUA within 72 hours after they reasonably believe that a reportable cyber incident has occurred, including if a third-party provider experiences a cyber incident affecting the credit union. In the OIG's 2025 Annual Work Plan, my office has two audits planned to address cybersecurity-related issues. One will assess whether the new reporting rule is working as intended and the other, which will soon be issued to the NCUA Board and management, will report our findings and recommendations on the agency's efforts to share threat information.

In addition, pursuant to the Federal Information Modernization Act of 2014 (FISMA), Pub. L. No. 113-283, we engaged a contractor to annually evaluate the NCUA's implementation of FISMA information security requirements and the effectiveness of the agency's information security program on a maturity model scale. On September 12, 2024, we issued the contractor's FISMA report titled, *National Credit Union Administration Federal Information Security Modernization Act of 2014 Audit—Fiscal Year 2024*, #OIG-24-08. The contractor determined the NCUA implemented an effective information security program by achieving an overall Level 4 - Managed and Measurable maturity level, complied with FISMA, and substantially complied with agency information security and privacy policies and procedures. As stated in its 2022-2026 Strategic Plan, NCUA management recognizes that cybersecurity threats and other technology-related issues continue to concern the agency as increasingly sophisticated cyberattacks pose a significant threat to credit unions, financial regulators, and the broader financial services sector.

Risk Posed by Third-Party Vendors and Credit Union Service Organizations

Even with implementation of the Cyber Incident Notification Reporting Rule, the credit union system remains vulnerable in part because the NCUA lacks vendor oversight authority. Without this authority, the NCUA cannot accurately assess the actual risk present in the credit union system or determine if the risk-mitigation strategies of credit union service organizations and third-party vendors, which provide much of the industry's information technology infrastructure, are adequate and can effectively protect the credit union system from potential attacks. This regulatory blind spot leaves thousands of credit unions, millions of credit union members, and billions of dollars in assets potentially exposed to unnecessary risks. To address this, the NCUA continues to request authority comparable to its counterparts on the Federal Financial Institutions Examination Council (FFIEC) to examine credit union service organizations and third-party vendors.

Although Congress provided the NCUA vendor oversight authority in 1998 in response to concerns about the Y2K changeover, that authority expired in 2002. Since then, the OIG, the Financial Stability Oversight Council, and the Government Accountability Office have each recommended that this authority be restored.

Currently, the NCUA may only examine credit union service organizations and third-party vendors with their permission, and they at times have declined these requests. Further, vendors can reject the NCUA's recommendations to implement appropriate corrective actions to mitigate identified risks. This lack of authority stands in stark contrast to the authority of NCUA's counterparts on the FFIEC.

Activities that are fundamental to the credit union mission, such as loan origination, lending services, Bank Secrecy Act/anti-money laundering compliance, and financial management, are being outsourced to entities that are outside of the NCUA's regulatory oversight. In addition, credit unions are increasingly using third-party vendors to provide technological services, including information security and mobile and online banking. Member data is stored on vendors' servers.

As stated in previous management challenges statements, my office issued audit report #OIG-20-07 on NCUA's lack of vendor authority. In that audit, we determined the NCUA needs authority over credit union service organizations and vendors to effectively identify and reduce the risks vendor relationships pose to credit unions to protect the Share Insurance Fund. The audit concluded that despite the NCUA's ability to conduct limited credit union service organization reviews, there is currently nothing in the Federal Credit Union Act that provides the NCUA with the authority to supervise credit union service organizations to hold them accountable for unsafe and unsound practices that have direct and lasting impact on the credit unions they serve. In addition, the audit determined the lack of statutory vendor oversight and regulatory enforcement authority hinders the NCUA's ability to conduct effective reviews of vendors. As a result, the NCUA's Share Insurance Fund is exposed to risk from credit union service organizations and

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vendors that can cause significant financial hardship, or even failure, to the credit unions that use them.

While there are many advantages to using service providers, the concentration of credit union services within credit union service organizations and third-party vendors presents safety and soundness and compliance risk for the credit union industry. The continued transfer of operations to credit union service organizations and vendors lessens the ability of NCUA to accurately assess all the risks present in the credit union system and determine if current risk mitigation strategies are adequate. Audit report #OIG-20-07 confirmed that the NCUA needs comparable authority as its FFIEC counterparts to ensure a safe and sound credit union system.

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 Federal Stability Oversight Counsel, 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.

In its November 2024 Artificial Intelligence Compliance Plan, the NCUA indicated it is taking a methodical approach to AI focusing on identifying AI tools of greatest utility to help the agency effectively and efficiently achieve its mission. NCUA must continue to assess controls and procedures such as the National Institute of Standards and Technology AI Risk Management Framework, which addresses maximizing positive impacts while minimizing negative impacts of AI.

Executive Order 13690, Promoting the Use of Trustworthy Artificial Intelligence in the Federal Government (December 2020), recognized the broad applicability of AI to be used by nearly every agency 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.

My office’s 2025 OIG Work Plan recognizes the need for NCUA to ensure AI accountability. The NCUA has focused on deploying AI solutions to automate or streamline various aspects of the supervisory examination process and using AI for productivity, system monitoring, and data quality purposes. Recently, my office conducted investigations of employees who used public generative AI tools without authorization to conduct their work. Generative AI, which uses a model trained on large volumes of data and reinforced through feedback to refine the output, creates synthetic content that appears as if it is produced by a person. Generative AI can be viewed as transformative in its ability to innovate and streamline activities and disruptive due to privacy and security concerns, the potential for inaccuracy, or the potential to be used for crime or other illegal acts.

NCUA Bulletin 13600.2B, Employee Use of Artificial Intelligence (July 9, 2024) provided that NCUA employees and contractors may not use AI websites or tools that are not approved by the NCUA if their use involves submitting or exposing any non-public information, and may not install any unauthorized software, including AI, on NCUA owned or operated equipment or systems.

The use of AI to strengthen the agency, lead innovation, and generate efficiencies must be aligned with governance and risk management standards.

Payment Integrity

The Payment Integrity Information Act of 2019 (PIIA) updated government-wide improper payment reporting requirements by repealing and replacing the Improper Payments Information Act of 2002, the Improper Payments Elimination and Recovery Act of 2010, the Improper Payments Elimination and Recovery Improvement Act of 2012, and the Fraud Reduction and Data Analytics Act of 2015. PIIA requires agencies to review all programs and activities they administer to identify those that may be susceptible to significant 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.

The NCUA's risk assessments have consistently indicated that none of the agency's programs are susceptible to significant improper payments; therefore, per OMB guidelines, the NCUA is required to conduct risk assessments every three years, or sooner if a program has a significant change in legislation, a significant increase in funding or a determination of possible significant improper payments in the following year. The agency's last assessment was conducted in 2023. The results of this assessment continued to support the determination that all of the NCUA evaluated programs are low risk.

Detailed information on improper payments for the U.S. government is available online at PaymentAccuracy.gov. Data from the NCUA is not included on this website because the NCUA does not have any programs that the OMB considers susceptible to significant improper payments.

Financial Reporting-Related Legislation

Beginning in 2024, OMB Circular No. A-136 required 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. The NCUA's financial accounting, reporting, and audit were not impacted by agency-specific legislative provisions enacted in 2024 or 2023.

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.

The following are the civil monetary penalties that NCUA may impose, the authority for imposing the penalty, year enacted, latest year of adjustment and current penalty level. Additional information about these penalties and the latest adjustment is available in the *Federal Register*.

Penalty	Statutory Authority	Year Enacted	Latest Year of Adjustment	Current Penalty Level
Inadvertent failure to submit a report or the inadvertent submission of a false or misleading report	12 U.S.C. 1782(a)(3)	1989	2025	$5,026
Non-inadvertent failure to submit a report or the non-inadvertent submission of a false or misleading report	12 U.S.C. 1782(a)(3)	1989	2025	$50,265
Failure to submit a report or the submission of a false or misleading report done knowingly or with reckless disregard	12 U.S.C. 1782(a)(3)	1989	2025	Lesser of $2,513,215 or 1 percent of total credit union assets
Tier 1 civil monetary penalty for inadvertent failure to submit certified statement of insured shares and charges due to NCUSIF, or inadvertent submission of false or misleading statement	12 U.S.C. 1782(d)(2)(A)	1991	2025	$4,596

Penalty	Statutory Authority	Year Enacted	Latest Year of Adjustment	Current Penalty Level
Tier 2 civil monetary penalty for non-inadvertent failure to submit certified statement or submission of false or misleading statement	12 U.S.C. 1782(d)(2)(B)	1991	2025	$45,946
Tier 3 civil monetary penalty for failure to submit a certified statement or the submission of a false or misleading statement done knowingly or with reckless disregard	12 U.S.C. 1782(d)(2)(C)	1991	2025	Lesser of $2,297,385 or 1 percent of total credit union assets
Non-compliance with insurance logo requirements	12 U.S.C. 1785(a)(3)	2006	2025	$157
Non-compliance with NCUA security requirements	12 U.S.C. 1785(e)(3)	1970	2025	$365
Tier 1 civil monetary penalty for violations of law, regulation, and other orders or agreements	12 U.S.C. 1786(k)(2)(A)	1989	2025	$12,567
Tier 2 civil monetary penalty for violations of law, regulation, and other orders or agreements and for recklessly engaging in unsafe or unsound practices or breaches of fiduciary duty	12 U.S.C. 1786(k)(2)(B)	1989	2025	$62,829
Tier 3 civil monetary penalty for knowingly committing the violations under Tier 1 or 2	12 U.S.C. 1786(k)(2)(C)	1989	2025	Lesser of $2,513,215 or 1 percent of total credit union assets
Non-compliance with senior examiner post-employment restrictions	12 U.S.C. 1786(w)(5)(A)(ii)	2004	2025	$413,388

Penalty	Statutory Authority	Year Enacted	Latest Year of Adjustment	Current Penalty Level
Non-compliance with appraisal independence standards (first violation)	15 U.S.C. 1639e(k)	2010	2025	$14,435
Subsequent violations of the same	15 U.S.C. 1639e(k)	2010	2025	$28,866
Non-compliance with flood insurance requirements	42 U.S.C. 4012a(f)(5)	2012	2025	$2,730

Statistical Data (Unaudited)

About the Statistical Data Section

The 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.

National Credit Union Share Insurance Fund Ten-Year Trends

Fiscal year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Income (In Thousands)										
Premium	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investment	$ 218,526	$ 227,172	$ 209,136	$ 284,716	$ 306,467	$ 272,005	$ 236,781	$ 286,795	$ 431,707	$ 564,952
Other income	$ 5,187	$ 2,463	$ 487,103	$ 18,158	$ 13,768	$ 10,648	$ 3,965	$ 685	$ 235	$ 521
Total Income	$ 223,713	$ 229,635	$ 696,239	$ 302,874	$ 320,235	$ 282,653	$ 240,746	$ 287,480	$ 431,942	$ 565,473
Expenses (In Thousands)										
Operating	$ 197,752	$ 209,260	$ 199,015	$ 187,395	$ 191,164	$ 181,100	$ 199,231	$ 208,194	$ 234,421	$ 247,194
Insurance losses	$ (35,411)	$ 7,870	$ 726,295	$ 113,826	$ (40,595)	$ 68,688	$ (143,014)	$ (39,518)	$ (12,202)	$ 13,160
Total expenses	$ 162,341	$ 217,130	$ 925,310	$ 301,221	$ 150,569	$ 249,788	$ 56,217	$ 168,826	$ 222,228	$ 260,354
Net income (in thousands)	$ 61,372	$ 12,505	$ (229,071)	$ 1,653	$ 169,666	$ 32,865	$ 184,529	$ 118,654	$ 209,714	$ 305,119
Data Highlights										
Total Equity (in millions)	12,095	12,742	15,853	15,905	16,596	18,432	20,589	21,841	22,369	23,044
Equity as a percentage of shares in insured credit unions	1.26%	1.24%	1.46%	1.39%	1.35%	1.26%	1.26%	1.30%	1.30%	1.30%
NCUSIF loss per $1,000 of insured shares	$(0.02)	$0.01	$0.67	$(0.10)	$0.03	$0.05	$(0.09)	$(0.02)	$(0.01)	$0.01
Operating Ratios										
Premium Income	-	-	-	-	-	-	-	-	-	-
Investment Income	97.5%	98.9%	30.0%	94.0%	95.7%	96.2%	98.4%	99.8%	99.9%	99.9%
Other Income:	2.5%	1.1%	70.0%	6.0%	4.3%	3.8%	1.6%	0.2%	0.1%	0.1%
Operating Expenses	109.1%	91.1%	28.6%	61.9%	59.7%	64.1%	82.8%	72.4%	54.3%	43.7%
Insurance Losses (Gain)	-92.7%	3.4%	104.3%	37.6%	-12.7%	24.3%	-59.4%	-13.7%	-2.8%	2.3%
Total Expenses (neg expense)	16.4%	94.5%	132.9%	99.5%	47.0%	88.4%	23.4%	58.7%	51.4%	46.0%
Net Income	83.6%	5.4%	-32.9%	0.5%	53.0%	11.6%	76.6%	41.3%	48.6%	54.0%
Involuntary Liquidations Commenced										
Number	11	11	5	7	1	-	4	4	1	-
Share payouts (in thousands)	138,635	10,163	159,841	1,407,357	61,761	-	8,107	11,063	2,693	329
Share payouts as a percentage of total insured shares	0.014%	0.001%	0.015%	0.123%	0.005%	0.000%	0.001%	0.001%	0.000%	0.000%
Shares in liquidated credit unions (in thousands)	145,829	8,240	162,783	1,454,234	17,683	-	12,290	12,009	700	-
Mergers										
Assisted	5	3	5	1	1	0	3	2	2	2
Unassisted	218	207	201	174	137	122	142	162	143	138
Section 208 (FCU Act) Assistance to Avoid Liquidation (In Thousands)										
Capital notes and other cash advance outstanding	-	-	-	-	-	-	-	-	-	-
Non-cash guarantee accounts	-	-	1,104,500	-	1,252	4,152,100	-	1,395	600	-
Number of active cases	1	1	3	-	2	1	-	3	2	-
Number of Troubled, Insured Credit Unions (CAMELS 4 & 5)										
Number	220	196	196	194	188	155	129	122	125	135
Shares (millions)	7,662	8,586	8,665	10,441	9,629	9,913	8,041	4,961	4,941	16,268
Problem case shares as a percentage of insured shares	0.80%	0.83%	0.80%	0.92%	0.79%	0.61%	0.49%	0.29%	0.28%	0.91%

Values rounded from underlying data.

Credit Union Performance Five-Year Trends

		Same quarter as current, previous years					Most recent four quarters				Most Recent	
	Units	2019.4	2020.4	2021.4	2022.4	2023.4	2024.1	2024.2	2024.3	2024.4	4 Quarter % change	4 Quarter change
Summary Credit Union Data												
Federally insured credit unions												
Federally insured credit unions	Number	5,236	5,099	4,942	4,760	4,604	4,572	4,533	4,499	4,455	-3.2	-149
Federal credit unions	Number	3,283	3,185	3,100	2,980	2,880	2,862	2,834	2,820	2,794	-3.0	-86
Federally insured, state-chartered credit unions	Number	1,953	1,914	1,842	1,780	1,724	1,710	1,699	1,679	1,661	-3.7	-63
Credit unions with low-income designation	Number	2,605	2,642	2,627	2,612	2,483	2,468	2,454	2,446	2,425	-2.3	-58
Number of members	Millions	120.4	124.3	129.5	135.2	139.3	140.3	141.0	141.9	142.3	2.2	3.1
Number of deposits	Millions	232.0	240.9	251.1	262.8	276.8	280.0	282.0	284.1	285.2	3.1	8.5
Number of loans outstanding	Millions	70.7	71.9	77.9	87.9	89.4	88.6	88.8	89.1	89.4	-0.1	-0.1
Total assets	$ Billions	1,566.7	1,844.5	2,060.3	2,167.7	2,255.7	2,307.3	2,297.0	2,311.5	2,307.6	2.3	52
Total assets, four quarter growth	Percent	7.8	17.7	11.7	5.2	4.1	4.4	3.5	3.7	2.3		-1.8
Total loans	$ Billions	1,108.0	1,162.6	1,255.2	1,506.6	1,602.8	1,601.0	1,617.7	1,630.4	1,645.2	2.6	42
Total loans, four quarter growth	Percent	6.2	4.9	8.0	20.0	6.4	4.6	3.6	2.6	2.6		-3.7
Average outstanding loan balance	$	15,668	16,179	16,119	17,145	17,921	18,061	18,217	18,296	18,410	2.7	488
Total deposits	$ Billions	1,319.8	1,587.6	1,788.6	1,849.9	1,881.1	1,934.3	1,926.6	1,934.7	1,959.2	4.2	78
Total deposits, four quarter growth	Percent	8.2	20.3	12.7	3.4	1.7	2.4	2.6	3.2	4.2		2.5
Average deposit balance	$	10,966	12,773	13,809	13,681	13,507	13,788	13,661	13,636	13,766	1.9	259
Insured shares and deposits	$ Billions	1,224.3	1,466.7	1,632.0	1,683.2	1,719.9	1,767.6	1,758.3	1,759.7	1,777.8	3.4	58
Insured shares and deposits, four quarter growth	Percent	7.4	19.8	11.3	3.1	2.2	2.3	2.2	2.6	3.4		1.2
Key Ratios												
Net worth ratio [1]	Percent	11.37	10.32	10.26	10.74	10.69	10.61	10.84	10.94	11.07		0.38
Return on average assets	Percent	0.93	0.70	1.07	0.88	0.68	0.66	0.69	0.69	0.63		-0.04
Loan to share ratio	Percent	84.0	73.2	70.2	81.4	85.2	82.8	84.0	84.3	84.0		-1.24
Median credit union average cost of funds	Percent	0.44	0.37	0.24	0.24	0.67	0.95	1.00	1.04	1.07		0.41
Median credit union average yield on loans	Percent	5.25	5.10	4.84	4.69	5.29	5.65	5.71	5.81	5.89		0.60
Median credit union net interest margin	Percent	3.38	2.94	2.53	2.73	3.24	3.36	3.43	3.49	3.51		0.27
Median credit union return on average assets	Percent	0.60	0.39	0.50	0.50	0.60	0.55	0.61	0.64	0.61		0.01

[1] Quarters 2023q1 and later: Excludes the CECL transition provision (Account NW0004)

		Same quarter as current, previous years					Most recent four quarters				Most Recent	
	Units	2019.4	2020.4	2021.4	2022.4	2023.4	2024.1	2024.2	2024.3	2024.4	4 Quarter % change	4 Quarter change
Lending (Year-to-Date, Annual Rate)												
Loans granted	$ Billions	546.0	672.2	788.9	761.4	547.7	462.5	503.8	517.3	525.5	-4.1	-22
Real estate loans (includes commercial)	$ Billions	212.6	323.7	358.5	.	.	.	.	.	.	--	--
Real estate, fixed rate, first mortgage (includes commercial)	$ Billions	146.8	256.3	273.5	.	.	.	.	.	.	--	--
Real estate loans (excludes commercial)	$ Billions	.	.	.	252.3	162.3	131.4	158.6	168.5	174.3	7.4	12
Real estate, fixed rate, first mortgage (excludes commercial)	$ Billions	.	.	.	148.9	72.4	54.4	68.6	74.4	78.9	9.0	7
Commercial loans (granted or purchased)	$ Billions	27.2	33.4	46.5	57.6	35.7	28.6	32.5	34.1	37.4	4.7	2
Payday alternative loans	$ Millions	174.1	157.3	168.0	227.1	271.1	283.9	304.5	309.0	310.0	14.3	39
Delinquency												
Delinquent loans	$ Billions	7.8	7.0	6.1	9.3	13.3	12.4	13.6	14.8	16.0	20.8	2.76
Total delinquency rate	Percent	0.70	0.60	0.49	0.61	0.83	0.78	0.84	0.91	0.98		0.15
Non-commercial real estate delinquency rate	Percent	.	.	.	0.43	0.57	0.49	0.61	0.69	0.78		0.22
Non-commercial real estate first mortgage delinquency rate	Percent	.	.	.	0.44	0.56	0.47	0.60	0.69	0.79		0.23
Fixed-rate real estate delinquency rate (includes commercial)	Percent	0.43	0.43	0.31	.	.	.	.	.	.		--
Auto delinquency rate	Percent	0.65	0.50	0.42	0.67	0.90	0.79	0.83	0.90	0.96		0.06
Credit card delinquency rate	Percent	1.40	1.02	0.96	1.48	2.11	2.02	1.98	2.16	2.16		0.05
Non-commercial loan delinquency rate	Percent	.	.	.	0.64	0.85	0.77	0.83	0.91	0.99		0.14
Commercial loan delinquency rate	Percent	0.64	0.69	0.44	0.33	0.61	0.84	0.94	0.90	0.85		0.24
Net charge-offs	$ Billions	6.1	5.1	3.2	4.7	9.5	12.9	12.8	12.6	13.0	36.1	3.45
Net charge offs, percent of average loans	Percent	0.56	0.45	0.26	0.34	0.61	0.80	0.79	0.78	0.80		0.19
Asset Distribution												
25% of credit unions are smaller than	$ Millions	9.7	11.5	12.8	13.7	14.1	14.5	14.4	14.5	14.8	5.5	0.77
50% of credit unions are smaller than	$ Millions	35.2	43.4	49.4	53.5	55.9	57.4	57.4	57.9	59.3	6.0	3.37
75% of credit unions are smaller than	$ Millions	139.1	167.1	192.5	211.3	225.5	233.0	235.8	238.7	242.4	7.5	16.94
90% of credit unions are smaller than	$ Millions	564.4	688.4	799.1	875.8	934.8	954.1	966.3	987.5	997.7	6.7	62.91

		Same quarter as current, previous years					Most recent four quarters				Most Recent	
	Units	2019.4	2020.4	2021.4	2022.4	2023.4	2024.1	2024.2	2024.3	2024.4	4 Quarter % change	4 Quarter change
Income and Expense (Year-to-date, Annual Rate)												
Federally insured credit unions												
Gross income	$ Billions	82.5	83.8	85.6	95.3	122.9	137.0	139.3	141.0	141.8	15.4	18.88
Total interest income	$ Billions	61.2	60.2	59.0	71.5	98.1	110.4	112.3	114.0	115.2	17.4	17.10
Gross interest income	$ Billions	52.9	53.8	53.4	61.5	81.8	90.8	92.0	93.7	95.0	16.1	13.20
Less interest refunds	$ Billions	0.1	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0	-21.6	-0.01
Investment income	$ Billions	8.2	6.1	5.6	10.0	16.3	19.5	20.2	20.3	20.2	23.8	3.88
Trading income	$ Billions	.	.	.	.	.	.	.	.	.	--	--
Unrealized gain (loss) due to change in fair value of equity and trading debt securities [1]	$ Billions	0.1	0.3	.	.	.	.	.	.	.	--	--
Other interest income [2]	$ Billions	.	.	.	0.0	0.1	0.0	0.0	0.0	0.1	10.9	0.01
Total non-interest income	$ Billions	21.2	23.6	26.6	23.8	24.8	26.6	27.0	27.0	26.6	7.2	1.78
Fee income	$ Billions	9.0	8.1	9.0	9.6	9.7	9.6	9.7	9.9	10.1	3.4	0.33
Other income [3]	$ Billions	11.4	14.4	16.3	13.8	13.9	13.5	13.9	14.0	14.0	0.9	0.12
Gains, losses, and other non-interest income [4]	$ Billions	0.7	1.0	1.3	0.4	1.3	3.4	3.5	3.1	2.6	106.0	1.33
Total expense (with provision for loan and lease losses or credit loss expense)	$ Billions	68.4	71.8	64.7	76.6	108.0	122.0	123.6	125.2	127.4	18.0	19.43
Non-interest expense	$ Billions	48.3	51.3	55.1	60.2	65.2	67.3	67.8	68.4	69.2	6.2	4.02
Employee compensation and benefits	$ Billions	24.9	26.8	28.6	31.1	33.8	35.6	35.7	35.8	36.1	6.9	2.34
Office expense	$ Billions	12.0	12.7	13.6	14.5	15.7	16.2	16.2	16.4	16.6	5.9	0.93
Loan servicing expense	$ Billions	3.2	3.4	3.8	4.2	4.4	4.3	4.4	4.5	4.5	2.7	0.12
Other non-interest expense	$ Billions	8.2	8.3	9.1	10.4	11.4	11.2	11.5	11.7	12.0	5.5	0.63
Total interest expense	$ Billions	13.5	12.0	8.4	10.9	31.4	42.0	42.7	43.5	44.0	39.8	12.51
Interest on borrowed money	$ Billions	1.5	1.2	0.9	2.1	5.8	7.1	6.8	6.7	6.4	9.9	0.58
Share dividends	$ Billions	10.7	9.5	6.7	7.9	22.4	30.1	30.9	31.7	32.3	44.3	9.93
Interest on deposits	$ Billions	1.3	1.3	0.9	0.9	3.3	4.8	5.0	5.2	5.3	61.6	2.00
Provision for loan and lease losses or credit loss expense	$ Billions	6.5	8.5	1.2	5.5	11.3	12.7	13.0	13.2	14.2	25.5	2.90
Net income	$ Billions	14.1	11.9	20.8	18.7	14.9	15.0	15.7	15.8	14.4	-3.6	-0.54
Net income, percent of average assets	Percent	0.93	0.70	1.07	0.88	0.68	0.66	0.69	0.69	0.63		-0.04
Net interest margin	$ Billions	47.7	48.1	50.6	60.6	66.6	68.4	69.5	70.5	71.2	6.9	4.59
Net interest margin, percent of average assets	Percent	3.16	2.82	2.59	2.86	3.01	3.00	3.05	3.09	3.12		0.11
Average assets	$ Billions	1,510.0	1,705.6	1,952.4	2,114.0	2,211.7	2,281.5	2,276.4	2,283.6	2,281.6	3.2	69.95

[1]2019q1-2019q4: Interest income on securities held in a trading account
[2]Account IS0005
[3]Quarters 2021q1 and later: Account IS0020. Quarters before 2021q1: Account 659.
[4]Other non-interest income: Account 440

		Same quarter as current, previous years					Most recent four quarters				Most Recent	
	Units	2019.4	2020.4	2021.4	2022.4	2023.4	2024.1	2024.2	2024.3	2024.4	4 Quarter % change	4 Quarter change
Income and Expense (Year-to-date, Annual Rate, Percent of Average Assets)												
Federally insured credit unions												
Gross income	Percent	5.46	4.91	4.38	4.51	5.56	6.00	6.12	6.18	6.22		0.66
Total interest income	Percent	4.06	3.53	3.02	3.38	4.43	4.84	4.93	4.99	5.05		0.61
Gross interest income	Percent	3.51	3.16	2.73	2.91	3.70	3.98	4.04	4.10	4.16		0.47
Less interest refunds	Percent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Investment income	Percent	0.55	0.36	0.29	0.47	0.74	0.86	0.89	0.89	0.89		0.15
Trading income	Percent	.	.	.	.	.	.	.	.	.		--
Unrealized gain (loss) due to change in fair value of equity and trading debt securities [1]	Percent	0.01	0.02	.	.	.	.	.	.	.		--
Other interest income [2]	Percent	.	.	.	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Total non-interest income	Percent	1.40	1.38	1.36	1.13	1.12	1.17	1.19	1.18	1.17		0.04
Fee income	Percent	0.60	0.48	0.46	0.45	0.44	0.42	0.43	0.43	0.44		0.00
Other income [3]	Percent	0.76	0.84	0.83	0.65	0.63	0.59	0.61	0.61	0.61		-0.01
Gains, losses, and other non-interest income [4]	Percent	0.05	0.06	0.07	0.02	0.06	0.15	0.15	0.13	0.11		0.06
Total expense (with provision for loan and lease losses or credit loss expense)	Percent	4.53	4.21	3.31	3.62	4.88	5.35	5.43	5.48	5.58		0.70
Non-interest expense	Percent	3.20	3.01	2.82	2.85	2.95	2.95	2.98	3.00	3.03		0.09
Employee compensation and benefits	Percent	1.65	1.57	1.47	1.47	1.53	1.56	1.57	1.57	1.58		0.06
Office expense	Percent	0.79	0.74	0.69	0.69	0.71	0.71	0.71	0.72	0.73		0.02
Loan servicing expense	Percent	0.21	0.20	0.19	0.20	0.20	0.19	0.19	0.20	0.20		0.00
Other non-interest expense	Percent	0.55	0.49	0.47	0.49	0.52	0.49	0.51	0.51	0.53		0.01
Total interest expense	Percent	0.90	0.71	0.43	0.52	1.42	1.84	1.88	1.91	1.93		0.50
Interest on borrowed money	Percent	0.10	0.07	0.04	0.10	0.26	0.31	0.30	0.29	0.28		0.02
Share dividends	Percent	0.71	0.55	0.34	0.37	1.01	1.32	1.36	1.39	1.42		0.40
Interest on deposits	Percent	0.09	0.08	0.04	0.04	0.15	0.21	0.22	0.23	0.23		0.08
Provision for loan and lease losses or credit loss expense	Percent	0.43	0.50	0.06	0.26	0.51	0.56	0.57	0.58	0.62		0.11
Net income	Percent	0.93	0.70	1.07	0.88	0.68	0.66	0.69	0.69	0.63		-0.04
Net interest margin	Percent	3.16	2.82	2.59	2.86	3.01	3.00	3.05	3.09	3.12		0.11

[1]2019q1-2019q4: Interest income on securities held in a trading account
[2]Account IS0005
[3]Quarters 2021q1 and later: Account IS0020. Quarters before 2021q1: Account 659.
[4]Other non-interest income: Account 440

		Same quarter as current, previous years					Most recent four quarters				Most Recent	
	Units	2019.4	2020.4	2021.4	2022.4	2023.4	2024.1	2024.2	2024.3	2024.4	4 Quarter % change	4 Quarter change
Balance Sheet												
Federally insured credit unions												
Total assets	$ Billions	1,566.7	1,844.5	2,060.3	2,167.7	2,255.7	2,307.3	2,297.0	2,311.5	2,307.6	2.3	51.88
Cash	$ Billions	115.4	232.8	255.0	130.3	160.4	215.2	189.6	185.7	180.2	12.4	19.85
Cash on hand	$ Billions	12.0	23.4	18.5	26.2	26.9	21.9	22.8	21.9	26.5	-1.5	-0.41
Deposits: All other deposits [1]	$ Billions	.	.	.	0.3	0.3	0.5	0.3	0.3	0.3	-17.6	-0.06
Investments												
Total investments	$ Billions	269.1	361.5	457.4	435.6	397.2	390.7	387.9	392.1	381.8	-3.9	-15.40
Investments less than or equal to 1 year	$ Billions	85.6	106.7	98.1	89.9	98.3	101.6	102.9	104.7	100.6	2.3	2.28
Investments 1-3 years	$ Billions	92.0	113.7	115.8	114.6	106.9	103.3	104.6	109.3	103.4	-3.3	-3.58
Investments 3-10 years	$ Billions	85.9	128.1	225.2	210.0	170.7	163.4	161.0	159.9	161.3	-5.6	-9.48
Investments 3-5 years	$ Billions	54.7	74.2	127.3	94.6	75.3	72.3	74.2	76.8	76.6	1.7	1.25
Investments 5-10 years	$ Billions	31.2	53.9	97.9	115.4	95.4	91.1	86.8	83.2	84.7	-11.2	-10.72
Investments more than 10 years	$ Billions	5.6	13.0	18.3	21.1	21.2	22.4	19.3	18.2	16.6	-21.8	-4.63
Allowance for credit losses on held-to-maturity debt securities [2]	$ Billions	.	.	.	0.0	0.0	0.0	0.0	0.0	0.0	-6.4	0.00
Total loans	$ Billions	1,108.0	1,162.6	1,255.2	1,506.6	1,602.8	1,601.0	1,617.7	1,630.4	1,645.2	2.6	42.37
Loans secured by 1-4 family residential properties	$ Billions	480.7	511.1	550.9	659.7	708.2	712.8	725.0	736.4	748.6	5.7	40.40
Secured by first lien	$ Billions	397.8	435.1	475.4	554.5	577.1	577.9	583.4	587.9	594.1	2.9	17.01
Secured by junior lien	$ Billions	82.9	76.0	75.6	105.2	131.1	134.9	141.6	148.5	154.4	17.8	23.39
All other real estate loans	$ Billions	2.8	2.5	2.3	1.9	1.9	1.9	1.9	2.0	2.0	6.0	0.11
Credit cards	$ Billions	66.0	61.8	64.2	74.2	82.0	80.8	82.0	83.0	85.2	3.9	3.18
Auto loans	$ Billions	375.1	380.0	404.5	485.5	498.0	491.8	490.0	485.7	481.5	-3.3	-16.57
New autos	$ Billions	147.6	142.1	142.0	173.4	175.4	170.9	168.8	166.1	164.3	-6.3	-11.12
Used autos	$ Billions	227.5	238.0	262.5	312.1	322.6	320.9	321.2	319.7	317.1	-1.7	-5.46
Non-federally guaranteed student loans	$ Billions	5.5	6.0	6.5	7.5	7.3	7.3	7.1	7.1	7.0	-4.8	-0.35
Commercial loans (excludes unfunded commitments)	$ Billions	81.8	94.3	111.7	139.0	157.2	160.0	164.4	168.4	174.0	10.7	16.81
Secured by real estate	$ Billions	74.5	86.6	103.2	128.6	145.5	148.2	152.2	156.1	161.2	10.7	15.63
Not secured by real estate	$ Billions	7.4	7.7	8.5	10.4	11.7	11.8	12.2	12.3	12.8	10.1	1.18
Other loans	$ Billions	96.0	106.9	115.1	138.8	148.2	146.4	147.3	147.8	147.0	-0.8	-1.20
Unfunded commitments for commercial loans	$ Billions	7.1	8.1	10.6	14.5	14.5	14.4	13.8	13.6	13.6	-6.0	-0.87
Other assets	$ Billions	74.3	87.6	92.7	94.8	95.0	100.0	101.6	102.9	100.1	5.4	5.12

[1] Account AS0008
[2] Account AS0041. Quarters 2022q1-2023q2: Allowance for credit losses on investments.

		Same quarter as current, previous years					Most recent four quarters				Most Recent	
	Units	2019.4	2020.4	2021.4	2022.4	2023.4	2024.1	2024.2	2024.3	2024.4	4 Quarter % change	4 Quarter change
Total liabilities and net worth	$ Billions	1,566.7	1,844.5	2,060.3	2,167.7	2,255.7	2,307.3	2,297.0	2,311.5	2,307.6	2.3	51.88
Total deposits	$ Billions	1,319.8	1,587.6	1,788.6	1,849.9	1,881.1	1,934.3	1,926.6	1,934.7	1,959.2	4.2	78.15
Share drafts	$ Billions	208.0	291.5	367.1	382.1	369.5	381.4	376.8	372.7	378.6	2.5	9.07
Regular shares	$ Billions	444.5	568.1	655.9	656.8	569.1	574.1	564.1	553.4	555.5	-2.4	-13.58
Other deposits	$ Billions	667.2	728.0	765.6	811.0	942.5	978.9	985.7	1,008.6	1,025.2	8.8	82.66
Money market accounts	$ Billions	274.8	341.9	407.3	394.6	331.7	332.7	331.9	331.2	338.4	2.0	6.71
Share certificate accounts	$ Billions	287.1	276.0	247.6	296.8	483.9	517.8	528.2	551.1	561.2	16.0	77.31
IRA/Keogh accounts	$ Billions	81.0	83.9	83.2	82.4	84.8	85.6	86.2	86.8	86.8	2.4	2.01
Non-member deposits	$ Billions	12.9	11.7	11.3	21.5	27.6	27.6	26.3	26.3	26.3	-4.7	-1.29
All other shares	$ Billions	11.5	14.6	16.2	15.8	14.5	15.2	13.2	13.2	12.5	-14.3	-2.08
Net worth [3]	$ Billions	178.2	190.4	211.6	232.7	241.1	244.8	248.9	252.8	255.3	5.9	14.22
Net worth, percent of assets [3]	Percent	11.37	10.32	10.26	10.74	10.69	10.61	10.84	10.94	11.07		0.38
Addenda												
Real estate loans	$ Billions	558.0	600.2	656.4	790.2	855.6	862.9	879.2	894.5	911.8	6.6	56.15
Real estate fixed rate, first mortgage (includes commercial)	$ Billions	345.0	396.9	460.4	.	.	.	.	.	.	--	--
Real estate fixed rate, first mortgage (excludes commercial)	$ Billions	.	.	.	470.8	475.6	473.9	474.4	475.4	478.4	0.6	2.77
Business loans												
Net member business loan balance for regulatory reporting, Part 723 [4]	$ Billions	77.7	90.1	107.1	133.2	150.7	152.3	155.8	159.6	167.3	11.0	16.58

[3] Quarters 2023q1 and later: Excludes the CECL transition provision (Account NW0004)
[4] Account 400A

		Same quarter as current, previous years					Most recent four quarters				Most Recent	
	Units	2019.4	2020.4	2021.4	2022.4	2023.4	2024.1	2024.2	2024.3	2024.4	4 Quarter % change	4 Quarter change
Balance Sheet (Percent of Assets)												
Federally insured credit unions												
Total assets	Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0		
Cash	Percent	7.4	12.6	12.4	6.0	7.1	9.3	8.3	8.0	7.8		0.70
Cash on hand	Percent	0.8	1.3	0.9	1.2	1.2	1.0	1.0	0.9	1.1		-0.04
Deposits: All other deposits [1]	Percent	.	.	.	0.0	0.0	0.0	0.0	0.0	0.0		0.00
Investments												
Total investments	Percent	17.2	19.6	22.2	20.1	17.6	16.9	16.9	17.0	16.5		-1.06
Investments less than or equal to 1 year	Percent	5.5	5.8	4.8	4.1	4.4	4.4	4.5	4.5	4.4		0.00
Investments 1-3 years	Percent	5.9	6.2	5.6	5.3	4.7	4.5	4.6	4.7	4.5		-0.26
Investments 3-10 years	Percent	5.5	6.9	10.9	9.7	7.6	7.1	7.0	6.9	7.0		-0.58
Investments 3-5 years	Percent	3.5	4.0	6.2	4.4	3.3	3.1	3.2	3.3	3.3		-0.02
Investments 5-10 years	Percent	2.0	2.9	4.8	5.3	4.2	3.9	3.8	3.6	3.7		-0.56
Investments more than 10 years	Percent	0.4	0.7	0.9	1.0	0.9	1.0	0.8	0.8	0.7		-0.22
Allowance for credit losses on held-to-maturity debt securities [2]	Percent	.	.	.	0.0	0.0	0.0	0.0	0.0	0.0		0.00
Total loans	Percent	70.7	63.0	60.9	69.5	71.1	69.4	70.4	70.5	71.3		0.24
Loans secured by 1-4 family residential properties	Percent	30.7	27.7	26.7	30.4	31.4	30.9	31.6	31.9	32.4		1.04
Secured by first lien	Percent	25.4	23.6	23.1	25.6	25.6	25.0	25.4	25.4	25.7		0.16
Secured by junior lien	Percent	5.3	4.1	3.7	4.9	5.8	5.8	6.2	6.4	6.7		0.88
All other real estate loans	Percent	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1		0.00
Credit cards	Percent	4.2	3.4	3.1	3.4	3.6	3.5	3.6	3.6	3.7		0.06
Auto loans	Percent	23.9	20.6	19.6	22.4	22.1	21.3	21.3	21.0	20.9		-1.21
New autos	Percent	9.4	7.7	6.9	8.0	7.8	7.4	7.3	7.2	7.1		-0.66
Used autos	Percent	14.5	12.9	12.7	14.4	14.3	13.9	14.0	13.8	13.7		-0.56
Non-federally guaranteed student loans	Percent	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3		-0.02
Commercial loans (excludes unfunded commitments)	Percent	5.2	5.1	5.4	6.4	7.0	6.9	7.2	7.3	7.5		0.57
Secured by real estate	Percent	4.8	4.7	5.0	5.9	6.5	6.4	6.6	6.8	7.0		0.53
Not secured by real estate	Percent	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.6		0.04
Other loans	Percent	6.1	5.8	5.6	6.4	6.6	6.3	6.4	6.4	6.4		-0.20
Unfunded commitments for commercial loans	Percent	0.5	0.4	0.5	0.7	0.6	0.6	0.6	0.6	0.6		-0.05
Other assets	Percent	4.7	4.7	4.5	4.4	4.2	4.3	4.4	4.5	4.3		0.13

[1] Account AS0008
[2] Account AS0041. Quarters 2022q1-2023q2: Allowance for credit losses on investments.

		Same quarter as current, previous years					Most recent four quarters				Most Recent	
	Units	2019.4	2020.4	2021.4	2022.4	2023.4	2024.1	2024.2	2024.3	2024.4	4 Quarter % change	4 Quarter change
Total liabilities and net worth	Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0		
Total deposits	Percent	84.2	86.1	86.8	85.3	83.4	83.8	83.9	83.7	84.9		1.51
Share drafts	Percent	13.3	15.8	17.8	17.6	16.4	16.5	16.4	16.1	16.4		0.02
Regular shares	Percent	28.4	30.8	31.8	30.3	25.2	24.9	24.6	23.9	24.1		-1.16
Other deposits	Percent	42.6	39.5	37.2	37.4	41.8	42.4	42.9	43.6	44.4		2.64
Money market accounts	Percent	17.5	18.5	19.8	18.2	14.7	14.4	14.4	14.3	14.7		-0.04
Share certificate accounts	Percent	18.3	15.0	12.0	13.7	21.5	22.4	23.0	23.8	24.3		2.87
IRA/Keogh accounts	Percent	5.2	4.5	4.0	3.8	3.8	3.7	3.8	3.8	3.8		0.00
Non-member deposits	Percent	0.8	0.6	0.5	1.0	1.2	1.2	1.1	1.1	1.1		-0.08
All other shares	Percent	0.7	0.8	0.8	0.7	0.6	0.7	0.6	0.6	0.5		-0.10
Net worth [3]	Percent	11.37	10.32	10.26	10.74	10.69	10.61	10.84	10.94	11.07		0.38
Addenda												
Real estate loans	Percent	35.6	32.5	31.9	36.5	37.9	37.4	38.3	38.7	39.5		1.58
Real estate fixed rate, first mortgage (includes commercial)	Percent	22.0	21.5	22.3	.	.	.	.	.	.		--
Real estate fixed rate, first mortgage (excludes commercial)	Percent	.	.	.	21.7	21.1	20.5	20.7	20.6	20.7		-0.35
Business loans												
Net member business loan balance for regulatory reporting, Part 723 [4]	Percent	5.0	4.9	5.2	6.1	6.7	6.6	6.8	6.9	7.2		0.57

[3] Quarters 2023q1 and later: Excludes the CECL transition provision (Account NW0004)
[4] Account 400A

Summary of Performance for Federally Insured Credit Unions

	Asset Categories												
	Less than $10 million	$10 to $50 million	$50 to $100 million	$100 to $500 million	$500 million to $1 billion	$1 billion to $10 billion	Greater than $10 billion	Federal Credit Unions	Federally Insured State-Chartered Credit Unions	Small Credit Unions (Assets less than $100 million)	Complex Credit Unions (Assets greater than $500 million)	Credit Unions with Low-Income Designation in 2024Q4	Credit Unions with Minority Depository Institution Designation in 2024Q4[2]
Current Quarter: 2024Q4													
Number of credit unions	865	1,209	607	1,046	283	425	20	2,794	1,661	2,681	728	2,425	407
Number of members (millions)	0.6	3.0	3.6	16.6	12.9	69.1	36.7	76.5	65.9	7.1	118.6	76.4	6.5
Total assets ($ billions)	3.6	31.6	43.7	238.6	202.4	1,224.9	562.8	1,177.6	1,130.0	78.9	1,990.1	1,195.2	90.6
Total loans ($ billions)	1.9	16.5	24.4	153.8	141.7	888.1	418.9	832.8	812.3	42.7	1,448.7	870.0	62.1
Total deposits ($ billions)	2.9	27.1	37.8	207.4	174.0	1,033.0	477.1	996.1	963.2	67.7	1,684.1	1,013.0	77.2
Key ratios (percent)													
Return on average assets	0.45	0.68	0.67	0.61	0.49	0.64	0.67	0.66	0.60	0.66	0.63	0.62	0.61
Net worth ratio [1]	18.65	13.87	13.15	11.65	10.98	11.09	10.44	11.12	11.01	13.68	10.89	10.97	12.19
Loan to share ratio	64.5	60.8	64.6	74.1	81.5	86.0	87.8	83.6	84.3	63.1	86.0	85.9	80.4
Net interest margin (median)	4.07	3.73	3.49	3.41	3.19	3.01	2.83	3.53	3.47	3.75	3.08	3.61	3.88
Cost of funds / average assets (median)	0.48	0.78	0.93	1.31	1.56	1.95	2.24	0.98	1.26	0.75	1.79	1.07	0.56
Delinquency rate	1.71	1.17	0.94	0.85	0.87	0.80	1.42	1.06	0.89	1.06	0.99	0.92	1.03
Net charge-offs to average loans	0.53	0.44	0.43	0.48	0.60	0.62	1.41	1.00	0.60	0.44	0.85	0.68	0.79
Growth from a year earlier (percent)													
Shares (total deposits)	-9.8	-6.5	-4.6	-0.9	0.1	7.0	3.4	5.2	3.1	-5.6	5.2	5.0	4.5
Total loans	-10.3	-8.0	-6.5	-3.3	-2.2	5.0	2.8	3.8	1.5	-7.2	3.6	3.4	3.4
Total assets	-8.8	-5.8	-4.2	-1.2	-1.2	5.2	0.2	4.1	0.5	-5.0	3.1	3.3	1.1
Members	-6.6	-7.2	-6.8	-3.7	-3.1	5.0	3.8	3.8	0.4	-7.0	3.7	2.6	2.3
Net worth [1]	-3.6	0.5	0.6	2.2	1.8	8.9	3.7	7.2	4.6	0.3	6.7	6.5	5.9

[1] Quarters 2023q1 and later: Excludes the CECL transition provision (Account NW0004)

Historical Data (same quarter)													
Return on average assets (percent)													
2024	0.45	0.68	0.67	0.61	0.49	0.64	0.67	0.66	0.60	0.66	0.63	0.62	0.61
2023	0.36	0.62	0.73	0.67	0.59	0.69	0.68	0.68	0.67	0.67	0.68	0.71	0.75
2022	0.12	0.41	0.61	0.71	0.82	0.91	1.01	0.89	0.87	0.51	0.93	0.91	0.91
2021	0.20	0.41	0.60	0.72	0.83	1.08	1.45	1.11	1.02	0.50	1.15	1.08	0.98
2020	0.06	0.32	0.43	0.50	0.60	0.80	0.74	0.67	0.73	0.36	0.76	0.75	0.59
Net worth ratio (percent) [1]													
2024	18.65	13.87	13.15	11.65	10.98	11.09	10.44	11.12	11.01	13.68	10.89	10.97	12.19
2023	17.65	13.00	12.52	11.26	10.66	10.71	10.08	10.80	10.58	12.96	10.52	10.64	11.63
2022	16.20	12.12	11.59	10.77	10.70	10.62	10.75	10.96	10.52	12.02	10.67	10.61	11.71
2021	15.52	11.72	11.07	10.22	10.18	10.21	10.20	10.44	10.08	11.55	10.20	10.14	10.25
2020	15.66	12.08	11.32	10.44	10.24	10.33	9.90	10.44	10.19	11.87	10.20	10.22	10.23
Loan to Share Ratio (percent)													
2024	64.51	60.82	64.56	74.13	81.46	85.97	87.80	83.61	84.34	63.06	86.02	85.88	80.41
2023	64.91	61.79	65.84	76.01	83.31	87.63	88.30	84.77	85.65	64.16	87.35	87.24	81.24
2022	56.75	55.55	61.42	71.63	80.84	84.70	83.49	81.28	81.61	58.82	83.91	84.07	75.55
2021	50.96	49.74	55.77	63.72	70.88	72.99	70.47	70.74	69.62	53.08	72.04	72.59	63.55
2020	53.97	52.69	58.37	67.33	74.95	76.18	73.36	73.38	73.09	55.76	75.29	75.75	67.43

[1] Quarters 2023q1 and later: Excludes the CECL transition provision (Account NW0004)

[2] The number of MDIs reported is anomalous and likely reflects 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. Before his designation as Chairman, Mr. Hauptman had served as Vice Chairman of the NCUA since December 18, 2020.

Mr. Hauptman was nominated by President Donald J. 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 joining the NCUA Board, Mr. Hauptman served as Senator Tom Cotton's (R-Arkansas) advisor on economic policy, as well as Staff Director of the Senate Banking Committee's Subcommittee on Economic Policy. Mr. Hauptman served on President Donald J. 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 and 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.

Board Member Todd M. Harper

Todd M. Harper was nominated to serve on the NCUA Board on February 6, 2019. The U.S. Senate confirmed him on March 14, 2019, and he was sworn in as a member of the NCUA Board on April 8, 2019. President Joseph R. Biden, Jr., designated him as the NCUA's twelfth Chairman on January 20, 2021, and Mr. Harper served in this role until January 20, 2025.

On August 6, 2021, President Biden renominated Chairman Harper for another term on the NCUA Board. On June 8, 2022, Chairman Harper was confirmed by the Senate for a term expiring on April 10, 2027.

As an NCUA Board Member and previous Chairman, Mr. Harper has led the agency in addressing unprecedented challenges, like the COVID-19 pandemic and the 2023 liquidity crisis. His work at the NCUA has also made the credit union system safer and more resilient with the implementation of risk-based capital standards for complex credit unions and increased fairness and protections for credit union members by enhancing the supervision of fair lending laws and problematic overdraft fee programs.

Prior to joining the NCUA Board, Mr. Harper served as director of the agency's Office of Public and Congressional Affairs and chief policy advisor to former Chairmen Debbie Matz and Rick Metsger. He is the first member of the NCUA's staff to become an NCUA Board Member and Chairman.

Mr. Harper previously worked for the U.S. House of Representatives as staff director for the Subcommittee on Capital Markets, Insurance, and Government-Sponsored Enterprises and as legislative director and senior legislative assistant to former Rep. Paul Kanjorski (D-Pennsylvania). In these roles, he contributed to every major financial services law, from the enactment of the Gramm-Leach-Bliley Financial Services Modernization Act in 1999 through the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010.

During the Great Recession, Mr. Harper coordinated the first congressional hearing to explore the creation of a Temporary Corporate Credit Union Stabilization Fund. He also spearheaded staff efforts in the U.S. House to secure enactment of a law to lower the costs of managing both the Corporate Stabilization Fund and the National Credit Union Share Insurance Fund.

Mr. Harper led staff negotiations over several sections of the Dodd-Frank Act, including the Kanjorski amendment to empower regulators to preemptively rein in and break up "too-big-to-fail" institutions and proposals to enhance the powers of the Securities and Exchange Commission. He also developed the legislative framework for the bill that created the Federal Insurance Office to monitor domestic and international insurance issues.

Mr. Harper holds an undergraduate degree in business analysis from Indiana University's Kelley School of Business and a graduate degree in public policy from Harvard University's Kennedy School of Government.

Board Member Tanya F. Otsuka

Tanya F. Otsuka was nominated by the President to serve on the NCUA Board on September 21, 2023. The U.S. Senate unanimously confirmed her by voice vote on December 20, 2023, and she was sworn in as a member of the NCUA Board on January 8, 2024.

Prior to joining the NCUA Board, Tanya served as Senior Counsel for the majority staff of the U.S. Senate Banking, Housing, and Urban Affairs Committee under Chairman Sherrod Brown (D-OH), where she has handled the Committee's work on banking and credit union issues since March 2020. In 2019, she also served on the Committee staff through the Government Affairs Institute at Georgetown University's Capitol Hill Fellowship Program, on detail from the Federal Deposit Insurance Corporation (FDIC).

Prior to her time with the Banking, Housing, and Urban Affairs Committee, Otsuka was a staff attorney and counsel at FDIC where she worked on a broad range of banking issues. She began her career at the FDIC as a law clerk in 2010 and an Honors Attorney in 2011.

Otsuka earned her J.D. from Boston College Law School and B.A. with distinction from the University of Virginia.

Senior Staff Reporting to the NCUA Board

- Sarah Bang
  NCUA Chief of Staff and Senior Advisor to Chairman Hauptman
- Catherine D. Galicia
  Senior Policy Counsel to Board Member Harper
- Renita Marcellin
  Senior Advisor to Board Member Otsuka
- Larry Fazio
  Executive Director
- Towanda Brooks
  Acting Deputy Executive Director
- Frank Kressman
  General Counsel
- James Hagen
  Inspector General
- Katherine Easmunt
  Chief Ethics Counsel
- Miguel Polanco
  Director, Office of Minority and Women Inclusion
- Sierra Forbes Robinson
  Director, Office of External Affairs and Communications

NCUA Offices and Regions

Office of Minority and Women Inclusion

Miguel Polanco, Director

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

Melane Conyers-Ausbrooks, Secretary of the Board

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

Sierra Forbes Robinson, Director

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, and monitoring federal legislative issues. The office also manages the NCUA's social and digital media platforms, including NCUA.gov and MyCreditUnion.gov. Additionally, the office manages the agency's Section 508 compliance efforts. The Director of the Office of External Affairs & Communications reports directly to the NCUA Chairman.

Office of General Counsel

Frank Kressman, 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

Larry Fazio, 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

Cory Phariss, President

The Asset Management and Assistance Center (AMAC) conducts credit union liquidations and performs asset management and recovery. AMAC also helps the NCUA's regional offices review large, complex loan portfolios and actual or potential bond claims. AMAC staff participate extensively in the operational phases of credit union conservatorships and record reconstruction.

Office of Inspector General

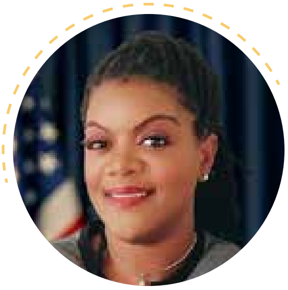
James Hagen, Inspector General

The Office of Inspector General promotes the economy, efficiency, and effectiveness of NCUA programs and operations. The office also detects and deters fraud, waste, and abuse in support of NCUA's mission of monitoring and promoting safe and sound federally insured credit unions. Additionally, it conducts independent audits, investigations and other activities, and keeps the NCUA Board and Congress fully informed.

Office of Ethics Counsel

Katherine Easmunt, Chief Ethics Counsel

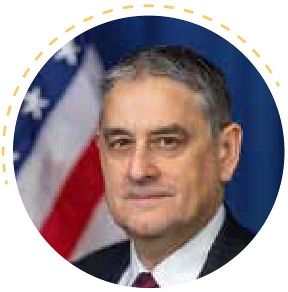
The Office of Ethics Counsel certifies the agency's compliance with relevant federal ethics laws and regulations, promotes accountability and ethical conduct, and helps ensure the success of the NCUA's ethics programs, including programs designed to prevent harassment and misconduct in the workplace.



Ombudsman

Shameka Sutton, Ombuds

The Ombudsman assists with resolving problems by helping to define options and recommending solutions to involved parties. The Ombudsman is a neutral party to ensure 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

Anthony Cappetta, President

The Central Liquidity Facility is an NCUA-operated, mixed-ownership government corporation that 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. 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

Kelly Lay, Director

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 Economist

Andrew Leventis, Chief Economist

The Office of the Chief Economist supports NCUA's safety and soundness goals by developing and distributing economic intelligence. The office also enhances NCUA's understanding of emerging microeconomic and macroeconomic risks by producing modeling and risk identification tools and participating in agency and interagency policy development.

Office of the Chief Financial Officer

Eugene Schied, 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

Todd Simpson, 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

Matthew J. Biliouris, Director

The Office of Consumer Financial Protection is responsible for the agency's consumer financial protection program. Within the office, the Division of Consumer Affairs is responsible for NCUA's Consumer Assistance Center, which handles consumer inquiries and complaints. The Division of Consumer Compliance Policy and Outreach is responsible for consumer financial protection compliance policy and rulemaking, fair lending examinations, interagency coordination on consumer financial protection compliance matters, and outreach.

Office of Human Resources

Felicia Purifoy, Acting Chief Human Capital Officer

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

Martha Ninichuk, Director

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

Kelly Gibbs, Director

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

Amber Gravius, Director

The Office of Business Innovation is responsible for the 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

Scott Hunt, Director

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

John Kutchey, Director

The 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

Keith Morton, Director

The 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

Julie Cayse, Director

The 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.

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 the NCUA on a quarterly basis. The 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: The 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. The 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.

Consumer Access Processing and Reporting Information System or CAPRIS: The NCUA's tool for submitting Field of Membership expansion requests.

CARES Act: The Coronavirus Aid, Relief and Economic Security Act

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.

The 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 the 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

DCS: Data Collection & Sharing Solution

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

DRS: Enterprise Data Reporting Solution

E&I: NCUA Office of Examination and Insurance

EDP: Enterprise Data Program

Equity Ratio: The equity ratio is the overall capitalization of the insurance fund to protect against unexpected losses from the failure of credit unions. The 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.

ESM: Enterprise Solution Modernization

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. The NCUA's CLF is a mixed-ownership government corporation that is owned by its member credit unions and managed by the NCUA Board.

ISE: Information Security Examination

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 the 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: The 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 heath 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.

Temporary Corporate Credit Union Stabilization Fund or TCCUSF: Created by Congress, the Stabilization Fund assumed the losses associated with the failure of five corporate credit unions — U.S. Central, WesCorp, Members United, Southwest, and Constitution — in 2010. This fund has allowed the credit union system to absorb these losses over time. The Stabilization Fund closed on October 1, 2017. As required by statute, the Stabilization Fund's remaining funds, property, and other assets were distributed to the Share Insurance Fund. Through the distribution, the Share Insurance Fund assumed the assets and obligations of the Stabilization Fund, including the NCUA Guaranteed Notes Program.

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

- 2024 NCUA Annual Report
  https://www.ncua.gov/files/annual-reports/annual-report-2024.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
- NCUA Historical Timeline
  https://ncua.gov/about/historical-timeline
- NCUA History, YouTube
  https://www.youtube.com/watch?v=Q7uBLWseqq4

Year in Review

- *2022–2026 Strategic Plan*
  https://ncua.gov/files/agenda-items/strategic-plan-20220317.pdf
- Letter to Credit Unions, 24-CU-01, "NCUA's 2024 Supervisory Priorities"
  https://ncua.gov/regulation-supervision/letters-credit-unions-other-guidance/ncuas-2024-supervisory-priorities
- Press Release, January 20, 2023, "Valwood Park Federal Credit Union Conserved"
  https://ncua.gov/newsroom/press-release/2023/valwood-park-federal-credit-union-conserved
- Press Release, June 14, 2024, "1st Choice Credit Union Conserved"
  https://ncua.gov/newsroom/press-release/2024/1st-choice-credit-union-conserved
- Press Release, November 8, 2024, "Alliance Credit Union of Florida Conserved"
  https://ncua.gov/newsroom/press-release/2024/alliance-credit-union-florida-conserved

- NCUA's Information Security Examination Program
  https://ncua.gov/regulation-supervision/regulatory-compliance-resources/cybersecurity-resources/ncuas-information-security-examination-and-cybersecurity-assessment
- NCUA's consumer website, MyCreditUnion.gov
  www.mycreditunion.gov
- NCUA's Proposed, Pending and Recently Final Regulations
  https://www.ncua.gov/regulation-supervision/rules-regulations/proposed-pending-and-recently-final-regulations
- NCUA Consumer Assistance Center
  https://mycreditunion.gov/about/consumer-assistance-center
- Press Release, March 4, 2024, "NCUA Charters New Jersey State PBA Federal Credit Union"
  https://ncua.gov/newsroom/press-release/2024/ncua-charters-new-jersey-state-pba-federal-credit-union
- Press Release, May 28, 2024, "NCUA Charters Tribe Federal Credit Union"
  https://ncua.gov/newsroom/press-release/2024/ncua-charters-tribe-federal-credit-union
- Press Release, June 6, 2024, "NCUA Charters Fair Break Federal Credit Union"
  https://ncua.gov/newsroom/press-release/2024/ncua-charters-fair-break-federal-credit-union
- Press Release, December 11, 2024, "NCUA Charters Soul Community Federal Credit Union"
  https://ncua.gov/newsroom/press-release/2024/ncua-charters-soul-community-federal-credit-union
- About the American Community Survey
  https://www.census.gov/programs-surveys/acs/about.html
- Federal Register Notice, Community Development Revolving Loan Fund Access for Credit Unions, April 2, 2024
  https://www.federalregister.gov/documents/2024/04/02/2024-06962/community-development-revolving-loan-fund-access-for-credit-unions
- Enterprise Solution Modernization Program
  https://ncua.gov/regulation-supervision/examination-modernization-initiatives/enterprise-solution-modernization-program

- Federal Register Notice, The NCUA Staff Draft 2025-2026 Budget Justification, November 4, 2024
  https://www.federalregister.gov/documents/2024/11/04/2024-25568/the-ncua-staff-draft-2025-2026-budget-justification
- 2025-2026 Budget Justification: Staff Draft, October 30, 2024
  https://ncua.gov/files/publications/budget/budget-justification-proposed-2025-2026.pdf

Performance Highlights

- *2022–2026 Strategic Plan*
  https://ncua.gov/files/agenda-items/strategic-plan-20220317.pdf
- 2024 Annual Performance Plan
  https://ncua.gov/files/agenda-items/2024-annual-performance-plan-20240118.pdf

Financial Highlights

- NCUA Mid-session Presentation to the NCUA Board
  https://ncua.gov/files/agenda-items/share-insurance-fund-board-briefing-20240919.pdf
- 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-24-08, September 12, 2024, FY 2024 Independent Audit of the NCUA's Compliance with FISMA 2024
  https://ncua.gov/files/audit-reports/oig-audit-compliance-fisma-2024.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
- NCUA Risk Appetite Statement
  https://www.ncua.gov/files/agenda-items/risk-appetite-statement-20221020.pdf

- 2024 Annual Performance Plan
  https://ncua.gov/files/agenda-items/2024-annual-performance-plan-20240118.pdf
- NCUA's consumer website, MyCreditUnion.gov
  www.mycreditunion.gov
- NCUA History, YouTube
  https://www.youtube.com/watch?v=Q7uBLWseqq4
- Money Basics Guides
  https://mycreditunion.gov/learning-resources/money-basics
- Share Insurance Estimator
  https://mycreditunion.gov/protect-your-money/share-insurance/share-insurance-estimator

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
- Notes to Users: Changes to Quarterly Credit Union Data Summary
  https://ncua.gov/files/publications/analysis/quarterly-data-summary-2024-Q4.pdf

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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

Thank you for your interest in NCUA's *2024 Annual Report*. This report and prior annual reports are available on NCUA's website at https://www.ncua.gov/news/annual-reports.

Please send any comments or suggestions about this report to oeacmail@ncua.gov.

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