



National Credit Union Administration
Office of the Chief Financial Officer

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TO: The NCUA Board
FROM: Chief Financial Officer Eugene H. Schied
SUBJ: National Credit Union Share Insurance Fund Financial Report, Quarter 1 2025
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This report highlights the Quarter 1 2025 National Credit Union Share Insurance Fund (NCUSIF) financial and performance overview. Beginning with this report, we are transitioning the quarterly presentation to provide stakeholders with insights and perspective on the status of the fund, in addition to the financial and statistical data. Also, the financial and statistical data have been migrated a dashboard reporting tool, the output of which will be posted on the NCUA website for public access. We will also continue to publish the monthly NCUSIF financial statements.

Executive Overview

- The NCUSIF reported \$79.8 million in net income during the first quarter of 2025 and total assets increased to \$23.0 billion. Net income increased \$1.2 million (1.5%) over the fourth quarter 2024 income of \$78.6 million, and a \$11.7 million (17.2%) increase over the first quarter of 2024. The increase in net income for the quarter compared to the prior quarter was due to \$3.3 million lower operating expenses being partially offset by \$2.4 million higher total provision for insurance losses due to corporate legacy asset valuation changes.
- The equity ratio was 1.30% as of December 31, 2024, which was an increase of 2 basis points from June 30, 2024. The projected equity ratio for June 30, 2025, is 1.26%. The decline is due primarily to forecasted insured share growth. Insured shares are forecasted to grow year-over-year from June 30, 2024, to June 30, 2025, by 5.30%.
- There were no credit union failures during the first quarter of 2025 that incurred a loss to the NCUSIF.
- The equity was such that as of March 31, the NCUSIF could have withstood a loss of \$1.3 billion without dropping below the 1.20% threshold that would necessitate a restoration plan.

I. Revenue and Expenses

- NCUSIF quarterly net income totaled \$79.8 million compared to \$68.1 million for the same period last year. The year-over-year change of \$11.7 million (17.2%) was primarily due to \$12.5 million higher investment income (an increase of 17 basis points in the portfolio's investment yield) offset by \$1.6 million higher operating expenses.

- The reserve expense for insurance losses increased by \$5.4 million during the quarter.

II. Balance Sheets

- The Share Insurance Fund total assets increased to \$23.0 billion. The quarterly increase was primarily due to \$305.9 million in capitalization deposits receivable from credit unions, \$296.1 million reduction in unrealized investment losses, and \$93.4 million in net purchases of investments.
- The Share Insurance Fund total net position increased to \$22.7 billion as of March 31, 2025, from \$21.2 billion in the prior year and comprised of \$17.8 billion of capitalization deposits and \$4.9 billion from cumulative results of operations.

III. Reserves and Losses Overview

- The Share Insurance Fund records a liability consisting of general and specific reserves to cover actual and potential future insurance losses resulting from credit union failures. At the end of the first quarter of 2025, the reserve balance was \$242.0 million, an increase of \$5.0 million from the previous quarter. The quarter-end balance consisted of \$9.0 million for specific reserves and \$233.0 million for general reserves.
- The total increase of \$5.4 million in reserves from the previous quarter was primarily attributable to a \$3.9 million increase in the general reserve and \$1.5 million increase in the specific reserve.

IV. Portfolio Performance

- The total liquidity (also known as total market value) of the investment portfolio was \$22.5 billion, an increase of \$0.4 billion from the fourth quarter of 2024.
- The portfolio's yield was 2.60%, up 10 basis points from its 2.50% yield, as of the fourth quarter of 2024. The fund continued to maintain a sizable balance in overnight investments of \$5.6 billion in the event that liquidity is needed without incurring a potential loss to the NCUSIF.
- During the first quarter of 2025, eight Treasury notes matured for the total value of \$650.0 million. These securities had yields ranging from 0.29% to 2.08%. The proceeds were reinvested at higher yields during the quarter, which partially offset the decline in the overnight rates.
- By using the ladder approach, the NCUA enhances the NCUSIF long-term earnings stability, which will earnings in the event of a lower interest rate environment.

V. CAMELS Overview

- Overall, the aggregate CAMELS data did not significantly change during the first quarter of 2025. The total number of credit unions was 4,415, a decrease of 52 from 4,467 at the end of the fourth quarter of 2024.
- The percentage of insured shares by CAMELS code 1/2 category was 90.8%, an increase from 90.2%, at the end of the fourth quarter of 2024. The CAMELS 3 category was 8.2%, a decrease from 8.9% from the prior quarter. Lastly, the CAMELS code 4/5 category was 1.0%, an increase from 0.9% at the end of the prior quarter.
- Over 90% of total insured shares were rated as CAMELS code 1/2 category, supporting the conclusion that the NCUSIF is in good financial condition.

Cc: Executive Director Larry Fazio
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