

2011

NCUSIF Premium

Estimate Considerations

Variables	Considerations
Investment Income	Near current weighted average yield of 2.22%
Insured Share Growth	Range from 4.5% to 7.5%
Insurance Loss Expense	<p>Range from \$450 million to \$800 million</p> <p>Rate of failures remain at current pace</p> <p>Resolution of larger CAMEL code 4/5</p> <p>Slower migration to more adverse CAMEL codes</p>
NCUSIF Equity Ratio	Restoration plan if equity ratio projected to fall below 1.2 percent with 6 months

2011 Stabilization Fund Assessment Estimate Considerations

Variables	Considerations
Borrowed Funds	Utilization of \$6 billion borrowing authority and maintenance of adequate reserve for unforeseen items
Cash Flows	Forecast of cash needs in fulfilling guarantee requirements allowing for range of performance of the underlying legacy assets
Affordability	Impact of the assessment on credit union ROA and Net Worth Ratio

2011 Estimates

- NCUSIF Premium from zero to 10 basis points
- Stabilization Fund Assessment from 20 to 25 basis points
- Combined Premium/Assessment from 20 to 35 basis points

Impact of Premium/Assessment

	20 Basis Points	35 Basis Points
Amount Collected	\$1.5 billion	\$2.7 billion
Reduction in Average ROA	17 basis points	30 basis points
Reduction in Average Net Worth Ratio	15 basis points	26 basis points
# Shifting to negative net income	≈ 760	≈ 1200
# Net Worth Ratio declines below 7% (Earnings Retention)	80	148
# Net Worth Ratio declines below 6% (Net Worth Restoration Plan)	32	62

Premium/Assessment Issues

- Estimates provided for budgeting purposes only
 - Credit unions should not accrue for an estimated assessment/premium
- NCUA reviewing the timing of Premium/Assessment for cash flow purposes and to allow for potential amortization of an assessment over an identified period