



NCUA Media Release

Projected Corporate Loss Range Shrinks

NCUA Updates NGN Program and Corporate System Resolution Costs Webpages

ALEXANDRIA, Va. (Nov. 1, 2012) – The upper end of total projected assessments associated with the Temporary Corporate Credit Union Stabilization Fund (Stabilization Fund) declined between December 2011 and June 2012. The National Credit Union Administration (NCUA) made the announcement as part of the semi-annual update of the agency’s online resources that increase public awareness of the costs of the Corporate System Resolution and the performance of the NCUA Guaranteed Notes (NGN) Program.

“NCUA is committed to periodically updating the estimates about the losses associated with the Corporate System Resolution, which will vary over time, and the total anticipated assessments that credit unions will pay during the life of the Stabilization Fund,” NCUA Board Chairman Debbie Matz said. “The latest forecasts indicate that the top end of the range of total Stabilization Fund assessments has declined by \$400 million during the last six months.”

The analysis released online today shows that the estimated range of future Stabilization Fund assessments narrowed between Dec. 31, 2011, and June 30, 2012. The estimated range of total assessments is now between \$6 billion and \$8.9 billion. The estimate six months earlier had projected a net range of future assessments between \$6 billion and \$9.3 billion.

Credit unions have already paid \$4.1 billion in Stabilization Fund assessments toward the losses in the corporate credit union system. As a result, total future assessments are projected to range between \$1.9 billion and \$4.8 billion over the remaining life of the Stabilization Fund. The Stabilization Fund expires in 2021.

The narrower range of projected remaining assessments reflects the actual performance of the legacy assets to date and NCUA’s updated assessment of the macroeconomic factors used in projecting the future performance of NGNs. Forecasting borrower behavior and changes in the economic environment is challenging. Factors influencing the estimated range include changes in housing prices, interest rates, unemployment rates and mortgage prepayments. NCUA uses BlackRock, an independent securities valuation firm, to project the future performance of the legacy assets in the NGNs, a key component of this analysis.

The updated range of total future Stabilization Fund assessments includes the net proceeds from more than \$170 million in legal settlements that NCUA received from Wall Street securities firms as of June 30, 2012. Additionally, NCUA has filed eight lawsuits against seven Wall Street securities firms seeking recoveries for faulty disclosures in the mortgage-backed securities purchased by the failed corporate credit unions. By lowering the cumulative losses on the legacy assets, these recoveries help reduce the assessments that credit unions will need to pay over time through the Stabilization Fund.

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NCUA released the Corporate System Resolution Costs and NGN Program Information micro-websites in late 2011. Contained within www.ncua.gov, these webpages convey complex information about both programs in simple, easy-to-understand terms and graphics.

NCUA will continue to publish updated information on the Corporate System Resolution and the NGN Program semi-annually over the life of the Stabilization Fund. The webpages are available at www.ncua.gov by going to the tab on “Credit Union Resources and Information” and then clicking on the links for “Corporate System Resolution Costs” and “NGN Program Information.”

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 U.S. Government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of more than 93 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

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