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NCUA Media Release

NCUA Statement on U.S. Central Audit Release

September 10, 2009, Alexandria, Va. -- The National Credit Union Administration today welcomed the release of U.S. Central Federal Credit Union's (USC) 2008 Audited Financial Statements as an important step forward that provides essential information about the condition of the institution and its ongoing conservatorship by NCUA.

"I know that issuance of the Deloitte & Touche audit report has been anticipated by US Central's stakeholders. We are aware that the circumstances surrounding the preparation of the report were complicated and delayed its release. However, I think we all agree upon the importance of a thorough, full-scope audit. I am confident that the report will be useful in determining the future direction of U.S. Central," stated NCUA Chairman Debbie Matz.

The audit report asserts that USC, with NCUA assistance, is a viable institution, and has ongoing capability to provide products and services used by many within the U.S. credit union system. U.S. Central's 2008 annual report, released in conjunction with its audited financial statements, also outlines steps the institution has taken to stabilize its balance sheet, improve operating efficiency and reduce costs. Among others, those measures include a 25 percent reduction in 2009 expenses.

USC has informed its members that all paid-in-capital and 63.7 percent of membership capital has been depleted, effective June 2009. Invested corporate credit unions should consider the capital depletion as they make impairment judgments in their financial reports. Should a member corporate then realize a retained earnings deficit, it will summarily need to deplete its contributed capital to bring the retained earnings deficit to zero. As with the corporate credit unions, natural person members of corporates will then need to consider the capital depletion as they make impairment judgments related to their financial reports. Credit unions are encouraged to contact their licensed, independent accountants for guidance in applying generally accepted accounting principles to these facts and circumstances.

NCUA is providing the attached Frequently Asked Questions and Answers regarding the U.S. Central Audited Financial Statements, which will be available online at <http://www.ncua.gov/Resources/CorporateStabilization/index.aspx>.

The National Credit Union Administration is the independent federal agency that regulates charters and supervises federal credit unions. NCUA, with the backing of the full faith and credit of the U.S. government, also operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of nearly 90 million account holders in all federal credit unions and the majority of state-chartered credit unions.

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