



NCUA Media Release

GAO Verifies NCUA's Corporate Estimates

Loss Estimates from Corporates' Legacy Assets Found to Be Reasonable

ALEXANDRIA, Va. (May 21, 2012) – The National Credit Union Administration (NCUA) has received a letter from the Government Accountability Office (GAO) verifying NCUA's estimates of projected losses for the legacy assets of corporate credit unions. As a result, GAO confirmed that NCUA has met GAO's recommendation about corporate estimates in the January 2012 GAO report entitled *NCUA: Earlier Actions Are Needed to Better Address Troubled Credit Unions* (GAO-12-247).

“Any credit unions with lingering concerns should rest easier knowing that GAO has completed performing their own due diligence on NCUA's loss estimates for corporate credit unions' legacy assets. This letter conveys that GAO has verified our loss estimates, the methodology used to derive them, as well as the 2010 Corporate Stabilization Fund clean audit,” said NCUA Board Chairman Debbie Matz.

When GAO completed their review, NCUA was in the last stage of finalizing the *2010 Financial Statement Audit for the Temporary Corporate Credit Union Stabilization Fund* (Corporate Stabilization Fund) with accounting firm KPMG LLP. With the final 2010 audit unavailable at that time, the GAO report recommended that NCUA provide NCUA's Office of the Inspector General (OIG) with the documentation necessary to support NCUA's loss estimates from the legacy assets held by the five conserved corporate credit unions, specifically covering losses incurred Jan. 1, 2008, to June 30, 2011.

NCUA provided that documentation to OIG, along with the completed 2010 Corporate Stabilization Fund unqualified audit by KPMG LLP which was completed just after GAO completed their report.

In May, GAO visited NCUA to inspect the agency's progress in fulfilling their recommendation. OIG had already reviewed the final audit and supporting documentation, and concluded that the loss estimates were reasonable.

GAO has now reviewed the 2010 final audit for the Corporate Stabilization Fund, and relevant supporting documentation. As GAO reports in their letter to NCUA, “*the methodology and key assumptions used to calculate the estimates was appropriately documented (and) the estimates were adequately supported in the documentation provided.*” GAO also noted their appreciation for NCUA's timely response meeting this recommendation. The GAO letter to NCUA can be found [here](#).

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Further information about the Corporate System Resolution costs and the NGN program are available to stakeholders at <http://www.ncua.gov/Resources/Pages/default.aspx>.

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 nearly 92 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

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