U.S. Central 2008 Audited Financial Statements
Questions and Answers

Sept. 11, 2009

1. **Why has issuance of U.S. Central's 2008 annual report been delayed?**

   U.S. Central appointed Deloitte & Touche (D&T) as its independent auditor in October 2008, and some of D&T's work occurred prior to U.S. Central's March 20 conservatorship. U.S. Central's significant exposure to residential mortgage-backed securities (RMBS) resulted in extensive testing of valuation and impairment. In addition, after the National Credit Union Administration (NCUA) placed U.S. Central in conservatorship, the engagement began anew in some aspects, given the change in U.S. Central's management and board. The engagement was then subject to numerous national office reviews and additional requirements that extended the time frame of the 2008 audit.

2. **Why did D&T issue a "qualified" instead of "unqualified" opinion regarding U.S. Central's 2008 financial audit?**

   U.S. Central has always obtained a qualified opinion for the presentation of members' share and certificate accounts and Membership Capital Shares (MCS) on U.S. Central's balance sheet as equity (instead of liabilities). This presentation adheres to credit union law, rather than Generally Accepted Accounting Principles (GAAP). An explanation of the difference between the two methods of reporting appears in the opinion.

3. **Why do "extra paragraphs" appear in D&T's audit opinion?**

   The last three paragraphs emphasize significant events and accounting matters. One paragraph highlights the conservatorship and refers the reader to additional information contained in Note 1. The other two paragraphs alert the reader to new accounting guidance implemented during the year (SFAS No. 157 and 159) and the fact that, for one-third of U.S. Central's total assets, management estimated fair values (i.e. "Level 3") in the absence of readily determinable fair values, which is not uncommon for holders of RMBS.