



NCUA Corporate Stabilization

U of I Employees Credit Union Remains Financially Secure

The National Credit Union Administration (NCUA) has announced that it is taking action to provide financial assistance to the corporate credit union system. Corporate credit unions provide services and liquidity to “natural person” credit unions (such as the U of I Employees Credit Union) in much the same way as the Federal Reserve System does for commercial banks.

As a whole, the credit union system is very healthy and well-capitalized. Very few natural person credit unions (those that you may be a member of through your workplace, church, school, or community) have suffered the severe losses that have been seen in the banking industry. In fact, despite the current credit crisis nation-wide, America’s credit unions continue to provide safe and secure loans for their members to the benefit of both their members and their businesses.

There are approximately 30 corporate credit unions in the United States, owned by their members – an assortment of natural person credit unions. The financial assistance proposed by the NCUA for the corporate credit union system will be borne proportionally by all of the 8,300 federally insured credit unions based on deposit sizes.

Unlike the ongoing bailout of the commercial banking system, the NCUA’s proposal does not call for the use of a single taxpayer dollar. Instead, credit unions have stepped in to take care of credit unions. The U of I Employees Credit Union (UIECU) is glad that this issue is being addressed within the credit union system without requiring further strain on taxpayers.

Again, let us reassure you that despite continuing unstable economic times and the NCUA’s proposed actions, UIECU remains financially secure and your deposits and investments with the credit union remain safe and sound. The NCUA’s actions will not affect your deposits or loans at the credit union, and each account remains insured up to at least \$250,000 by the full faith and credit of the U.S. Government.

As we continue to hear more and more about the current situation, and the decisions that led up to it, please know the following:

- UIECU is in excellent financial condition with almost \$17.5 million in capital.
- UIECU has never asked for or received any government assistance.
- UIECU has a capital/asset ratio of 9.58% as of 12/31/2008, well above the 7.00% level regulators consider as “well-capitalized”.
- UIECU has again been recommended by Bauer Financial, Inc.
- UIECU has received the highest possible rating from Illinois State Examiners for 2008
- UIECU cannot be bought or sold.
- UIECU has not experienced the same sort of increases in loan delinquencies or losses that have occurred at other financial institutions throughout the country.
- UIECU has not experienced the same sort of investment losses as other financial institutions throughout the country, nor do we have the same types of investments as those that caused the investment losses at U.S. Central Credit Union and other corporate credit unions.
- UIECU’s deposits at corporate credit unions are also insured by the federal government through the National Credit Union Share Insurance Fund (NCUSIF).
- The latest proposed NCUA actions do not directly involve any taxpayer dollars.

The credit union does not anticipate any changes to our level of operation or our continued service to members.

Thank you for choosing UIECU and for the trust you continue to place in us. It is through this trust and support that we will continue to be financially sound and well positioned to serve you now and in the future.

Should you have any questions, please contact us at 217-278-7700 or info@uiecu.org.