

Second Quarter 2009 Financial Review



This quarter's financials have been reissued to coincide with the NCUA charge of impairment to our capital at U.S. Central as of December 31, 2008

Statement of Financial Position (Unaudited)
 June 30, 2009 and 2008

	06/30/09	06/30/08	Change
Assets			
Loans to Members	7,542,196	11,215,066	-32.75%
Cash	1,007,899	1,397,355	-27.87%
Investments	752,273,941	751,792,433	0.06%
Accrued Interest	2,282,618	4,619,437	-50.59%
Fixed Assets	649,331	736,260	-11.81%
NCUSIF Deposit	155,616	157,181	-1.00%
Other Assets	<u>1,972,487</u>	<u>1,996,324</u>	<u>-1.19%</u>
Total Assets	<u>765,884,088</u>	<u>771,914,058</u>	<u>-0.78%</u>
Liabilities			
Accounts Payable	473,812	375,088	26.32%
Line of Credit Loan (US Central)	1,000,000	11,000,000	-90.91%
Dividends Payable	1,455,590	3,221,295	-54.81%
Accrued Expenses	56,190	44,744	25.58%
Other Liabilities	<u>265,537</u>	<u>102,300</u>	<u>159.57%</u>
Total Liabilities	<u>3,251,129</u>	<u>14,743,428</u>	<u>-77.95%</u>
Members' Shares and Deposits			
Overnight Deposits	415,103,677	375,253,901	10.62%
MCS D	11,664,542	29,197,894	-60.05%
Share Certificates	<u>335,428,000</u>	<u>332,374,000</u>	<u>0.92%</u>
Members' Shares & Deposits	762,196,219	736,825,795	3.44%
Regular Reserves	0	6,059,927	-100.00%
Undivided Earnings	881,588	14,160,818	-93.77%
Unrealized Gain/Loss AFS	<u>(444,848)</u>	<u>124,089</u>	<u>-458.49%</u>
Total Liabilities & Members' Equity	<u>765,884,088</u>	<u>771,914,058</u>	<u>-0.78%</u>

Income Statement

Periods ended June 30, 2009 and 2008

	06/30/09	06/30/08	Change
Interest Income from Loans	93,119	137,761	-32.41%
Interest and Dividend Income from Investments	5,934,781	15,730,808	-62.27%
Total Interest Income	6,027,900	15,868,569	-62.01%
Dividend Expense	4,469,473	12,970,522	-65.54%
Interest on Borrowed Money	21,863	339,102	-93.55%
Total Interest Expense	4,491,336	13,309,624	-66.25%
Net Interest Income	1,536,564	2,558,945	-39.95%
Fees and Other Operating Income	314,946	267,550	17.71%
Gross Operating Margin before Operating Expenses	1,851,510	2,826,495	-34.49%
Operating Expenses			
Salaries and Benefits	608,858	598,982	1.65%
Office Occupancy	41,905	44,384	-5.59%
Office Operations	85,387	142,037	-39.88%
Travel and Conference	73,180	72,007	1.63%
Educational and Promotional	56,329	83,452	-32.50%
Professional and Outside Services	259,836	225,694	15.13%
Others	45,718	53,618	-14.73%
Total Operating Expenses	1,171,213	1,220,174	-4.01%
Gain/(Loss) Investments	(334,324)	12,500	
Net Income Before Extraordinary Expenses	345,973	1,618,821	-78.63%
Extraordinary Expenses	(190,421)		
Required Transfer to Regular Reserves	-	-	0.00%
Net Change to Undivided Earnings	155,552	1,618,821	-90.39%

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Portfolio Diversification by Investment Issuer · June 30, 2009

Issuer	Percent	Par Value	Market Value	Unrealized Gain (Loss)	Weighted Ratings
U.S. Central Credit Union**	91.20%	686,444,204	686,444,204	0	*
SBA Pools	7.07%	53,191,648	52,594,742	(596,906)	AAA
FFCB	1.19%	8,985,036	9,022,850	37,814	
Total U.S. Government Agency	8.26%	62,176,683	61,617,592	(559,091)	
CMO's - Floating Rate	0.02%	164,144	163,889	(255)	AAA
MBS's - Fixed Rate	0.32%	2,421,921	2,470,420	48,500	AAA
Total CMO's & MBS's	0.34%	2,586,065	2,634,310	48,245	
CUSO and Other	0.20%	1,511,837	1,511,837	0	
Asset-Backed Securities:					
SPSAC 1998-2 A1	0.00%	0	65,998	65,998	BBB
Total Asset-Backed Securities	0.00%	0	65,998	65,998	
Total Investments	100.00%	752,718,789	752,273,941	(444,848)	

* U.S. Central CU was placed into conservatorship by NCUA effective 3/20/09. NCUA maintains a business as usual operating policy and apparently intends to "bridge" the organization into a viable enterprise

** Estimated Value of U.S. Central Holdings - 710,560,215.

Statistical Changes in Financial Position

	As Of 06/30/09	As of 06/30/08
* Operating Expense Ratio	0.28%	0.28%
* ROA	0.08%	0.37%
* Equity Ratio	0.75%	2.45%
Average Assets	840,407,444	865,867,910
Net Economic Value (NEV)	05/31/09	Reg 704
		Min/Max Requirements
+ 300 BP Shock		
Actual Dollar Change	32,199,918	29,813,861
% Change	-8.20%	***
NEV Ratio	3.45%	
Base Level Dollar Amount	35,075,130	N/A
Base Level NEV Ratio	3.71%	
- 100 BP Shock		
Actual Dollar Change	35,075,130	40,336,400
% Change	0.00%	***
NEV Ratio	3.71%	

* Based on Average Assets

*** NEV cannot fluctuate more than eighteen percent in either rate shock scenerio.
Minimum and maximum amounts are based on current year levels.