

Third 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)
September 30, 2009 and 2008

	09/30/09	09/30/08	Change
Assets			
Loans to Members	6,223,122	25,332,297	-75.43%
Cash	1,456,131	4,227,591	-65.56%
Investments	804,878,549	701,988,968	14.66%
Accrued Interest	2,219,706	4,007,014	-44.60%
Fixed Assets	659,935	705,419	-6.45%
NCUSIF Deposit	155,616	157,181	-1.00%
Other Assets	<u>1,906,313</u>	<u>1,634,728</u>	<u>16.61%</u>
Total Assets	<u>817,499,373</u>	<u>738,053,199</u>	<u>10.76%</u>
Liabilities			
Accounts Payable	304,891	1,290,740	-76.38%
Line of Credit Loan (US Central)	1,000,000	129,754,201	-99.23%
Dividends Payable	1,234,326	2,493,327	-50.49%
Accrued Expenses	72,388	68,179	6.17%
Other Liabilities	<u>172,673</u>	<u>67,400</u>	<u>156.19%</u>
Total Liabilities	<u>2,784,277</u>	<u>133,673,847</u>	<u>-97.92%</u>
Members' Shares and Deposits			
Overnight Deposits	461,638,087	246,126,997	87.56%
MCS D	12,090,219	29,197,894	-58.59%
Share Certificates	<u>340,367,000</u>	<u>308,139,394</u>	<u>10.46%</u>
Members' Shares & Deposits	814,095,306	583,464,286	39.53%
Regular Reserves	0	6,059,927	-100.00%
Undivided Earnings	896,631	14,658,145	-93.88%
Unrealized Gain/Loss AFS	(276,841)	196.993	-240.53%
Total Liabilities & Members' Equity	<u>817,499,373</u>	<u>738,053,199</u>	<u>10.76%</u>

Income Statement

Periods ended September 30, 2009 and 2008

	09/30/09	09/30/08	Change
Interest Income from Loans	141,932	214,417	-33.81%
Interest and Dividend Income from Investments	8,703,138	21,649,735	-59.80%
Total Interest Income	8,845,070	21,864,152	-59.55%
Dividend Expense	6,468,948	17,181,046	-62.35%
Interest on Borrowed Money	31,668	1,034,739	-96.94%
Total Interest Expense	6,500,616	18,215,785	-64.31%
Net Interest Income	2,344,454	3,648,367	-35.74%
Fees and Other Operating Income	485,113	410,853	18.07%
Gross Operating Margin before Operating Expenses	2,829,567	4,059,220	-30.29%
Operating Expenses			
Salaries and Benefits	892,814	892,025	0.09%
Office Occupancy	67,136	73,106	-8.17%
Office Operations	124,559	300,296	-58.52%
Travel and Conference	100,697	124,590	-19.18%
Educational and Promotional	72,386	111,224	-34.92%
Professional and Outside Services	388,152	382,911	1.37%
Others	62,801	71,420	-12.07%
Total Operating Expenses	1,708,545	1,955,572	-12.63%
Gain/(Loss) Investments	(334,324)	12,500	
Net Income Before Extraordinary Expenses	786,698	2,116,148	-62.82%
Extraordinary Expenses	(616,099)	-	
Required Transfer to Regular Reserves	-	-	0.00%
Net Change to Undivided Earnings	170,599	2,116,148	-91.94%

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Portfolio Diversification by Investment Issuer · September 30, 2009

Issuer	Percent	Par Value	Market Value	Unrealized Gain (Loss)	Weighted Ratings
U.S. Central Credit Union**	90.21%	726,294,454	726,294,454	0	*
SBA Pools	6.92%	55,703,860	55,318,230	(385,630)	AAA
FFCB	1.12%	8,988,242	9,021,170	32,928	
Total U.S. Government Agency	8.03%	64,692,102	64,339,400	(352,702)	
CMO's - Floating Rate	1.32%	10,593,440	10,564,737	(28,703)	AAA
MBS's - Fixed Rate	0.26%	2,063,558	2,100,205	36,647	AAA
Total CMO's & MBS's	1.57%	12,656,998	12,664,942	7,944	
CUSO and Other	0.19%	1,511,837	1,511,837	0	
Asset-Backed Securities:					
SPSAC 1998-2 A1	0.00%	0	67,917	67,917	
Total Asset-Backed Securities	0.00%	0	67,917	67,917	
Total Investments	100.00%	805,155,390	804,878,549	(276,841)	

* 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 - 725,799,695.

Statistical Changes in Financial Position

	As Of 09/30/09	As of 09/30/08
* Operating Expense Ratio	0.26%	0.32%
* ROA	0.12%	0.34%
* Equity Ratio	0.04%	2.55%
Average Assets	861,469,571	823,760,701
Net Economic Value (NEV)	08/31/09	Reg 704 Min/Max Requirements
+ 300 BP Shock		
Actual Dollar Change	22,338,679	20,566,393
% Change	-7.68%	***
NEV Ratio	2.64%	
Base Level Dollar Amount	24,195,756	N/A
Base Level NEV Ratio	2.81%	
- 100 BP Shock		
Actual Dollar Change	24,195,756	27,825,119
% Change	0.00%	***
NEV Ratio	2.81%	

* Based on Average Assets

*** NEV cannot fluctuate more than eighteen percent in either rate shock scenario.

Minimum and maximum amounts are based on current year levels.