

Fourth Quarter 2008 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)
December 31, 2008 and 2007

	12/31/08	12/31/07	Change
Assets			
Loans to Members	14,941,247	9,722,423	53.68%
Cash	4,379,169	2,869,580	52.61%
Investments	643,172,826	713,203,540	-9.82%
Accrued Interest	3,260,649	5,364,226	-39.21%
Fixed Assets	665,266	765,698	-13.12%
NCUSIF Deposit	158,423	159,493	-0.67%
Other Assets	<u>2,078,585</u>	<u>1,682,471</u>	<u>23.54%</u>
Total Assets	<u>668,656,165</u>	<u>733,767,432</u>	<u>-8.87%</u>
Liabilities			
Accounts Payable	0	0	-
Line of Credit Loan (US Central)	17,663,768	11,000,000	60.58%
Dividends Payable	2,535,358	3,688,734	-31.27%
Accrued Expenses	74,009	65,997	12.14%
Other Liabilities	<u>237,101</u>	<u>132,519</u>	<u>78.92%</u>
Total Liabilities	<u>20,510,236</u>	<u>14,887,251</u>	<u>37.77%</u>
Members' Shares and Deposits			
Overnight Deposits	291,656,993	338,944,451	-13.95%
MCS D	11,664,542	29,022,401	-59.81%
Share Certificates	<u>344,824,394</u>	<u>332,449,181</u>	<u>3.72%</u>
Members' Shares & Deposits	648,145,929	700,416,033	-7.46%
Regular Reserves	0	6,059,927	-100.00%
Undivided Earnings	726,035	12,541,997	-94.21%
Unrealized Gain/Loss AFS	(726,035)	(137,776)	426.97%
Total Liabilities & Members' Equity	<u>668,656,165</u>	<u>733,767,432</u>	<u>-8.87%</u>

Income Statement

Periods ended December 31, 2008 and 2007

	12/31/08	12/31/07	Change
Interest Income from Loans	319,681	600,531	-46.77%
Interest and Dividend Income from Investments	27,313,238	38,277,220	-28.64%
Total Interest Income	27,632,919	38,877,751	-28.92%
Dividend Expense	21,024,336	34,696,522	-39.41%
Interest on Borrowed Money	1,794,952	1,133,131	58.41%
Total Interest Expense	22,819,288	35,829,653	-36.31%
Net Interest Income	4,813,631	3,048,098	57.92%
Fees and Other Operating Income	619,009	498,182	24.25%
Gross Operating Margin before Operating Expenses	5,432,640	3,546,280	53.19%
Operating Expenses			
Salaries and Benefits	1,226,353	1,195,224	2.60%
Office Occupancy	99,146	79,560	24.62%
Office Operations	482,419	232,609	107.39%
Travel and Conference	175,148	154,643	13.26%
Educational and Promotional	142,970	108,487	31.79%
Professional and Outside Services	508,462	400,624	26.92%
Others	88,155	101,437	-13.09%
Total Operating Expenses	2,722,653	2,272,584	19.80%
Gain/(Loss) Investment Sales	(38,114,076)	(35,000)	
Net Income Before Transfers	(35,404,089)	1,238,696	-2,958.17%
Required Transfer to Regular Reserves	-	-	0.00%
Net Change to Undivided Earnings	(35,404,089)	1,238,696	-2,958.17%

Portfolio Diversification by Investment Issuer · December 31, 2008

Issuer	Percent	Carrying Value	Market Value	Unrealized Gain (Loss)	Weighted Ratings
U.S. Central Credit Union	91.55%	588,856,512	588,856,512	-	*
SBA Pools	7.56%	48,594,372	48,594,372	-	AAA
Total U.S. Government Agency	7.56%	48,594,372	48,594,372	-	
CMO's - Floating Rate	0.13%	855,143	855,143	-	AAA
MBS's - Fixed Rate	0.50%	3,237,573	3,237,573	-	AAA
Total CMO's & MBS's	0.64%	4,092,715	4,092,715	-	
CUSO and Other	0.24%	1,511,837	1,511,837	-	
Asset-Backed Securities:					
SPSAC 1998-2 A1	0.02%	117,390	117,390	-	AA
Total Asset-Backed Securities	0.02%	117,390	117,390	-	
Total Investments	100.00%	643,172,826	643,172,826	-	

* U.S. Central CU carries a Medium Term Note Program rating of "AA+", the Commercial Paper Program carries a rating of "A-1+/P-1". These ratings do not apply to member shares and share certificates. U.S. Central CU does maintain an issuer rating of "A" from Bankwatch.

Statistical Changes in Financial Position

	As Of 12/31/08	As of 12/31/07
* Operating Expense Ratio	0.34%	0.29%
* ROA	-4.40%	0.16%
* Equity Ratio	2.65%	2.38%
Average Assets	804,034,280	783,025,372
Net Economic Value (NEV)	11/30/08	Reg 704 Min/Max Requirements
+ 300 BP Shock		
Actual Dollar Change	50,328,844	44,374,623
% Change	-3.60%	***
NEV Ratio	6.83%	
Base Level Dollar Amount	52,205,439	N/A
Base Level NEV Ratio	6.96%	
- 100 BP Shock		
Actual Dollar Change	52,361,259	60,036,255
% Change	0.30%	***
NEV Ratio	6.97%	

* 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.