

Fourth 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)
December 31, 2009 and 2008

	12/31/09	12/31/08	Change
Assets			
Loans to Members	3,695,380	14,941,247	-75.27%
Cash	116,402,541	4,379,169	2,558.10%
Investments	827,229,015	643,172,826	28.62%
Accrued Interest	1,853,195	3,260,649	-43.16%
Fixed Assets	651,624	665,266	-2.05%
NCUSIF Deposit	357,676	158,423	125.77%
Other Assets	<u>1,699,194</u>	<u>2,078,585</u>	<u>-18.25%</u>
Total Assets	<u>951,888,625</u>	<u>668,656,165</u>	<u>42.36%</u>
Liabilities			
Accounts Payable	0	0	-
Line of Credit Loan (US Central)	0	17,663,768	-100.00%
Dividends Payable	1,173,827	2,535,358	-53.70%
Accrued Expenses	72,741	74,009	-1.71%
Other Liabilities	<u>(7,793)</u>	<u>237,101</u>	<u>-103.29%</u>
Total Liabilities	<u>1,238,775</u>	<u>20,510,236</u>	<u>-93.96%</u>
Members' Shares and Deposits			
Overnight Deposits	632,805,027	291,656,993	116.97%
MCS D	12,090,219	11,664,542	3.65%
Share Certificates	<u>304,821,000</u>	<u>344,824,394</u>	<u>-11.60%</u>
Members' Shares & Deposits	949,716,246	648,145,929	46.53%
Regular Reserves	0	0	0
Undivided Earnings	1,276,879	726,035	75.87%
Unrealized Gain/Loss AFS	<u>(343,275)</u>	<u>(726,035)</u>	<u>-52.72%</u>
Total Liabilities & Members' Equity	<u>951,888,625</u>	<u>668,656,165</u>	<u>42.36%</u>

Income Statement
 Periods ended December 31, 2009 and 2008

	12/31/09	12/31/08	Change
Interest Income from Loans	186,174	319,681	-41.76%
Interest and Dividend Income from Investments	11,242,519	27,313,238	-58.84%
Total Interest Income	11,428,693	27,632,919	-58.64%
Dividend Expense	8,292,881	21,024,336	-60.56%
Interest on Borrowed Money	34,652	1,794,952	-98.07%
Total Interest Expense	8,327,533	22,819,288	-63.51%
Net Interest Income	3,101,160	4,813,631	-35.58%
Fees and Other Operating Income	648,782	619,009	4.81%
Gross Operating Margin before Operating Expenses	3,749,942	5,432,640	-30.97%
Operating Expenses			
Salaries and Benefits	1,189,474	1,226,353	-3.01%
Office Occupancy	88,428	99,146	-10.81%
Office Operations	164,792	482,419	-65.84%
Travel and Conference	137,049	175,148	-21.75%
Educational and Promotional	85,795	142,970	-39.99%
Professional and Outside Services	512,350	508,462	0.76%
Others	70,785	88,155	-19.70%
Total Operating Expenses	2,248,673	2,722,653	-17.41%
Gain/(Loss) Investment Sales	(334,324)	(38,114,076)	
Net Income Before Extraordinary Expenses	1,166,945	(35,404,089)	-103.30%
Extraordinary Expenses	(616,099)		
Required Transfer to Regular Reserves	-	-	0.00%
Net Change to Undivided Earnings	550,846	(35,404,089)	-101.56%

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Portfolio Diversification by Investment Issuer · December 31, 2009

Issuer	Percent	Par Value	Market Value	Unrealized Gain (Loss)	Weighted Ratings
U.S. Central Credit Union**	90.06%	745,286,957	745,286,957	0	*
SBA Pools	7.38%	61,100,666	60,639,981	(460,685)	AAA
FFCB	1.09%	8,991,449	9,016,780	25,331	
Total U.S. Government Agency	8.47%	70,092,115	69,656,761	(435,354)	
CMO's - Floating Rate	1.20%	9,937,717	9,926,707	(11,010)	AAA
MBS's - Fixed Rate	0.21%	1,743,665	1,779,336	35,671	AAA
Total CMO's & MBS's	1.41%	11,681,381	11,706,042	24,661	
CUSO and Other	0.06%	511,837	511,837	0	
Asset-Backed Securities:					
SPSAC 1998-2 A1	0.00%	0	67,418	67,418	
Total Asset-Backed Securities	0.00%	0	67,418	67,418	
Total Investments	100.00%	827,572,290	827,229,015	(343,275)	

* 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: \$748,060,967

Statistical Changes in Financial Position

	As Of 12/31/09	As of 12/31/08
* Operating Expense Ratio	0.35%	0.45%
* ROA	0.18%	-4.40%
* Equity Ratio	0.15%	2.65%
Average Assets	867,259,225	804,034,280
Net Economic Value (NEV)	11/30/09	Reg 704 Min/Max Requirements
+ 300 BP Shock		
Actual Dollar Change	12,168,936	11,814,988
% Change	-12.45%	***
NEV Ratio	1.43%	
Base Level Dollar Amount	13,899,986	N/A
Base Level NEV Ratio	1.62%	
- 100 BP Shock		
Actual Dollar Change	13,899,986	15,984,984
% Change	0.00%	***
NEV Ratio	1.62%	

* 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.