



March 2, 2009

To our members and other business partners:

U.S. Central recorded net income of \$9.2 million for the month of January 2009. Member balances, consisting of share and certificate accounts as well as Fed Funds purchased, as applicable, averaged \$23.1 billion during January 2009 compared with \$35.3 billion during January 2008. Net interest income totaled \$12.8 million in January compared with \$18.9 million in December 2008.

In January, the National Credit Union Administration (NCUA) announced a \$1 billion capital infusion into U.S. Central concurrent with the announcement of U.S. Central's expected 2008 other-than-temporary impairment charge. This new paid-in capital was funded in late January 2009 from the National Credit Union Share Insurance Fund and qualifies as core capital. Following the capital contribution, U.S. Central was in compliance with its regulatory capital ratio as of January 31, 2009.

As of January 31, 2009, accumulated other comprehensive income (AOCI) on the balance sheet reflected an unrealized loss of \$5.9 billion compared with an unrealized loss of \$6.0 billion a month earlier. Spreads tightened somewhat in January for asset-backed securities supported by credit card and student loan receivables, resulting in improved values for some of U.S. Central's available-for-sale investment securities.

The financial statements and supplemental information for January 2009 are enclosed. Please note that the comparative December 31, 2008 balance sheet remains unaudited at this time. If you have questions about the statements or any other U.S. Central financial matter, please feel free to call me at (888) 872-0440, ext. 6159.

Respectfully,

Kathryn E. Brick
Senior Vice President and Chief Financial Officer

U.S. Central Federal Credit Union

Consolidated Balance Sheets (in thousands)

	January 31,		December 31,
	2009	2008	2008 (unaudited)
Assets			
Cash	\$ 1,589,830	\$ 17,748	\$ 74,965
Time deposits	1,000,000	1,428	-
Federal funds sold	133,420	1,479,000	134,470
Securities purchased under agreements to resell	-	1,346,071	-
Investment securities:			
Available-for-sale	17,748,385	35,678,027	17,767,330
Trading	-	1,011,635	-
Held-to-maturity	9,404,207	-	9,491,545
Total investment securities	<u>27,152,592</u>	<u>36,689,662</u>	<u>27,258,875</u>
Loans	1,486,773	3,088,439	3,196,118
Stock of the Central Liquidity Facility	1,652,429	1,565,647	1,643,347
Other assets	<u>458,653</u>	<u>607,924</u>	<u>437,032</u>
Total assets	<u><u>\$ 33,473,697</u></u>	<u><u>\$ 44,795,919</u></u>	<u><u>\$ 32,744,807</u></u>
Liabilities and Members' Equity			
Liabilities:			
Member federal funds purchased	\$ 8,491,732 (1)	\$ -	\$ 3,313,820
Short-term borrowings	7,194,822	6,115,167	13,829,499
Other borrowings	3,477,695	-	-
Notes payable	35,438	419,410	35,318
Other liabilities	<u>369,778</u>	<u>521,958</u>	<u>363,643</u>
Total liabilities	19,569,465	7,056,535	17,542,280
Members' Equity:			
Members' share and certificate accounts	17,271,329 (1)	36,819,160	19,721,998
Membership capital shares	1,243,092	1,434,061	1,243,092
NCUSIF capital	1,000,000	-	-
Paid-in capital	750,000	300,000	750,000
Retained earnings (accumulated deficit)	<u>(454,336)</u>	<u>602,800</u>	<u>(463,114)</u>
Total capital	2,538,756	2,336,861	1,529,978
Accumulated other comprehensive income (loss)	<u>(5,905,853)</u>	<u>(1,416,637)</u>	<u>(6,049,449)</u>
Total members' equity	<u>13,904,232</u>	<u>37,739,384</u>	<u>15,202,527</u>
Total liabilities and members' equity	<u><u>\$ 33,473,697</u></u>	<u><u>\$ 44,795,919</u></u>	<u><u>\$ 32,744,807</u></u>

See accompanying notes to the consolidated financial statements.

(1) As of January 31, 2009, total member balances, excluding membership capital shares and paid-in capital, were \$25.8 billion.

U.S. Central Federal Credit Union

Consolidated Statements of Income (in thousands)

	One Month Ended	
	2009	2008
Interest and dividend income:		
Time deposits	\$ 84	\$ 308
Federal funds sold	15	3,790
Securities purchased under agreements to resell	399	7,411
Investment securities	52,946	162,836
Loans	5,059	14,117
Stock of the Central Liquidity Facility	2,835	6,728
Total interest and dividend income	61,338	195,190
Interest and dividend expense:		
Members' share and certificate accounts	39,402	142,100
Short-term borrowings and notes	9,143	32,852
Total interest and dividend expense	48,545	174,952
Net interest income, excluding dividends on membership capital shares	12,793	20,238
Net losses on financial instruments	(552)	(5,799)
Fee income	1,767	1,738
Operating expenses:		
Salaries and benefits	2,017	2,427
Data processing	942	1,038
Professional and outside services	683	918
Office occupancy and administration	251	250
Marketing and public relations	53	107
Travel and entertainment	98	118
Other	184	126
Total operating expenses	4,228	4,984
Net income before dividends on membership capital shares and minority interest	9,780	11,193
Dividends on membership capital shares	621	5,808
Net income before minority interest	9,159	5,385
Minority interest	20	(10)
Net income	\$ 9,179	\$ 5,375

See accompanying notes to the consolidated financial statements.

U.S. Central Federal Credit Union

Consolidated Statements of Comprehensive Income (in thousands)

	One Month Ended	
	January 31,	
	2009	2008
Net income	\$ 9,179	\$ 5,375
Other comprehensive income:		
Net change in unrealized gains (losses) on investment securities	102,950	93,339
Net (amortization) accretion of basis adjustments in held-to-maturity securities	16,349	-
Net change in unrealized gains (losses) on cash-flow hedges	23,996	(3,758)
Less: net unrealized (gains) losses on investment securities reclassified to earnings on fair-value hedging relationships	757	(5,988)
Less: reclassification for net (gains) losses on cash-flow hedges included in net income	(456)	(1,659)
Less: reclassification for net realized (gains) losses on investment securities included in net income	-	27
Other comprehensive income	<u>143,596</u>	<u>81,961</u>
Total comprehensive income	<u>\$ 152,775</u>	<u>\$ 87,336</u>

Consolidated Statements of Changes in Retained Earnings(Accumulated Deficit) and Accumulated Other Comprehensive Income (in thousands)

	Undivided Earnings	Regulatory Reserves	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)
Balances as of January 1, 2009	\$ (712,023)	\$ 248,909	\$ (463,114)	\$ (6,049,449)
Other comprehensive income				143,596
Net income	9,179		9,179	
January dividends on NCUSIF capital note	(39)		(39)	
January dividends on paid-in capital	(362)		(362)	
Balances as of January 31, 2009	<u>\$ (703,245)</u>	<u>\$ 248,909</u>	<u>\$ (454,336)</u>	<u>\$ (5,905,853)</u>

Notes to Financial Statements

The accompanying financial statements are unaudited. The notes to the financial statements contained in the audited financials for the year ended December 31, 2007 should be read in conjunction with these financial statements. The attached Supplemental Financial Information provides additional detail regarding the operations and financial condition of U.S. Central Federal Credit Union.

Accumulated other comprehensive income (loss) consists of unrealized gains (losses) on available-for-sale securities and cash flow hedges.

Dividends on paid-in capital are payable on a quarterly basis upon declaration by the board of directors. An indication of the expected dividend is provided to members on a monthly basis and shown above as a reduction of undivided earnings in the Consolidated Statements of Changes in Retained Earnings (Accumulated Deficit) and Accumulated Other Comprehensive Income (Loss).

U.S. Central received a \$1.0 billion paid-in capital contribution from the National Credit Union Share Insurance Fund (NCUSIF) on January 30, 2009. NCUSIF capital has a perpetual life with no stated maturity date and is redeemable by U.S. Central at any time after two years. Dividends are to be paid quarterly and are shown above as a reduction of undivided earnings in the Consolidated Statements of Changes in Retained Earnings (Accumulated Deficit) and Accumulated Other Comprehensive Income (Loss).

U.S. Central Federal Credit Union

Supplemental Financial Information (dollars in thousands)

	January 2009	Fourth Quarter 2008	Third Quarter 2008	Second Quarter 2008
SPREAD ANALYSIS				
As a percent of average net assets*:				
Interest and dividend income	2.141 %	3.688 %	3.555 %	3.573 %
Interest and dividend expense	(1.695)	(2.646)	(3.122)	(3.124)
Net interest income	0.446	1.042	0.433	0.449
Net gains (losses) on financial instruments	(0.019)	(12.870)	(0.040)	(0.040)
Fee income	0.062	0.051	0.047	0.050
Operating expenses	(0.147)	(0.189)	(0.159)	(0.147)
Net income (loss) before dividends on membership capital shares	0.342	(11.966)	0.281	0.312
Dividends on membership capital shares	(0.022)	(0.065)	(0.115)	(0.109)
Net income (loss) transferred to retained earnings	0.320	(12.031)	0.166	0.203
Dividends on paid-in capital shares	(0.014)	(0.019)	(0.027)	(0.026)
Net change in retained earnings	0.306 %	(12.050) %	0.139 %	0.177 %
FINANCIAL CONDITION AND CAPITAL ANALYSIS				
Average net assets*	\$33,731,013	\$36,180,012	\$38,907,844	\$42,780,686
Twelve-month average net assets (as of period end)	\$39,902,369	40,730,825	\$42,797,076	\$45,104,956
Retained earnings (accumulated deficit)	(\$454,336)	(\$463,114)	\$635,740	\$622,089
Paid-in capital	750,000	750,000	300,000	300,000
NCUSIF capital note	1,000,000	-	-	-
Membership capital shares	1,243,092	1,243,092	1,684,155	1,620,180
Total regulatory capital	\$2,538,756	\$1,529,978	\$2,619,895	\$2,542,269
Retained earnings/ Twelve-month average net assets	-1.139%	-1.137%	1.485%	1.379%
Total regulatory capital/ Twelve-month average net assets	6.362%	3.756% **	6.122%	5.636%

* Average net assets is defined as the average of total assets less CLF stock, CLF loans and securities purchased from members under agreements to resell at the close of each day during the period.

** U.S. Central received a \$1.0 billion paid-in capital contribution from the National Credit Union Share Insurance Fund (NCUSIF) on January 30, 2009. Including this contribution, U.S. Central's pro forma regulatory capital ratio as of December 31, 2008 would have been 6.211%.

U.S. Central Federal Credit Union

Supplemental Financial Information January 31, 2009 (dollars in thousands)

	Book Value of Securities Rated (1):					Total	Total	Total	Avg. Credit Enhancement
	AAA	AA	A	BBB	<BBB	Book Value (1)	Fair Value (2)	Carrying Value (3)	
Agency Debt	\$ 72,123	\$ -	\$ -	\$ -	\$ -	\$ 72,123	\$ 72,168	\$ 72,168	
Agency RMBS	1,575,813	-	-	-	-	1,575,813	1,483,201	1,489,831	
Non-Agency RMBS									
FICO 720 or higher	2,936,242	345,046	222,217	274,009	143,502	3,921,016	2,615,267	2,887,194	19.7%
FICO 719 - 680	4,467,350	1,270,190	1,170,452	559,788	759,088	8,226,868	4,430,688	6,251,958	55.6%
FICO 679 - 620	2,471,694	471,113	317,524	335,188	1,414,411	5,009,930	2,909,109	3,971,073	40.3%
FICO 619 or lower	277,862	198,259	93,912	161,389	151,691	883,113	444,651	691,155	51.6%
Subtotal	10,153,148	2,284,608	1,804,105	1,330,374	2,468,692	18,040,927	10,399,715	13,801,380	43.3%
ABS									
Credit Cards	6,147,872	-	-	-	-	6,147,872	5,557,373	5,574,938	
Student Loans	2,639,714	30,000	-	-	-	2,669,714	2,290,373	2,310,090	
Autos	1,828,995	296,640	-	18,747	-	2,144,382	1,815,755	1,842,254	
CMBS	391,325	-	-	-	-	391,325	310,099	310,099	
Other	438,598	-	-	45,000	-	483,598	406,111	440,580	
Subtotal	11,446,504	326,640	-	63,747	-	11,836,891	10,379,711	10,477,961	
Corporate Bonds & Notes	383,052	636,195	338,039	100,000	-	1,457,286	1,305,626	1,311,252	
Total Investment Securities	\$ 23,630,640	\$ 3,247,443	\$ 2,142,144	\$ 1,494,121	\$ 2,468,692	\$ 32,983,040	\$ 23,640,421	\$ 27,152,592	

(1) Book value represents the amortized cost basis of securities (purchase price plus discount accretion or minus premium amortization). Book values have been adjusted to reflect the effects of other-than-temporary impairment charges, which reduce the cost basis of affected securities.

(2) Fair value represents what U.S. Central may receive if it were to sell its securities. However, U.S. Central has the intent and ability to hold its securities until their fair values recover, or until the securities pay off at maturity. Fair value is reported on U.S. Central's 5310 regulatory report and used in the calculation of net economic value (NEV).

(3) Carrying value represents the amount at which securities are reported on the balance sheet, which is fair value for available-for-sale and trading securities, and amortized cost for held-to-maturity securities.

U.S. Central Federal Credit Union

Supplemental Financial Information January 31, 2009 (dollars in thousands)

Key Ratios for the Month of January 2009

Net interest spread	0.37%
Net interest margin	0.41%

Commitments

Committed lines of credit	\$	313,000
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Derivatives (notional amounts)

\$	11,355,063
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Sources of Liquidity Available to U.S. Central

	Capacity	Used	Unused Capacity
Secured:			
FHLB (lendable value)	\$ 5,420,000	\$ 5,070,000	\$ 350,000
Committed Lines of Credit	-	-	-
Pledge-able Collateral	11,968,000	-	11,968,000
Subtotal	\$ 17,388,000	\$ 5,070,000	\$ 12,318,000
Unsecured: *			
Federal Funds Purchased	\$ 6,450,000	\$ 2,100,000	\$ 4,350,000
Commercial Paper	1,000,000	-	1,000,000
Medium Term Notes	1,500,000	36,000	1,464,000
Subtotal	\$ 8,950,000	\$ 2,136,000	\$ 6,814,000
Total Liquidity Sources	\$ 26,338,000	\$ 7,206,000	\$ 19,132,000

* Eligible for NCUSIF guarantee under NCUA TCCULGP program as of October 16, 2008 up to \$17.9 billion.

Note: As of January 31, 2009, U.S. Central's regulatory borrowing limit was \$25.4 billion.

Subsidiary Financial Information January 31, 2009 (dollars in thousands)

CU Investment Solutions, Inc. (wholly owned subsidiary of U.S. Central)

Assets	\$	5,541
Liabilities		263
Current month net income		140

Charlie Mac, LLC (wholly owned subsidiary of U.S. Central)

Assets	\$	80,491
Liabilities		79,486
Current month net loss		(46)

Corporate Network eCom, LLC (majority owned subsidiary of U.S. Central)

Assets	\$	21,945
Liabilities		19,590
Current month net income		27
Minority Interest		(1)
U.S. Central's portion of eCom's current month net income		<u>26</u>

Network Financial Services, LLC (wholly owned subsidiary of U.S. Central)

Assets	\$	1,043
Liabilities		2
Current month net income		5

Core Network Processing, LLC (majority owned subsidiary of U.S. Central)

Assets	\$	3,568
Liabilities		3,641
Current month net loss		(44)
Minority Interest		21
U.S. Central's portion of CNP's current month net loss		<u>(23)</u>