



Consolidated Financial Statements  
**Unaudited**

December 31, 2011

Contact Information:  
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To our members,

On a year to date basis, Alloya Corporate has recorded net income of \$9.6 million. It should be noted that Alloya reclassified dividends paid on Perpetual Contributed Capital (PCC) so they are reported as a direct charge against retained earnings instead of as a component of net interest income. The reason for this presentation is that PCC is considered equity for both GAAP and regulatory reporting since it has no stated maturity date. The effect of this reclassification was to increase net income by \$91,000. We have added a consolidated statement of members' equity to our set of monthly financial statements.

From a capital standpoint, Alloya Corporate began the year with \$11.0 million of retained earnings. Adding \$9.5 million of net income for 2011 (reduced by the PCC dividends) increased retained earnings to \$20.5 million as of December 31, 2011. Regulatory capital also includes \$64.6 million of PCC and \$8.5 million of Nonperpetual Capital Accounts (NCA). When combined with the retained earnings balance, regulatory capital totaled \$93.7 million and provided a capital ratio of 5.6% and a retained earnings ratio of 1.2% as of December 31, 2011.

Alloya is executing on a financial plan to earn \$3 million over the next 12 months to further bolster retained earnings. When compared to the plan presented in the Private Placement Memorandum, retained earnings are 3 ½ years ahead of the base case scenario targets. The retained earnings ratio of 1.2% easily exceeds the 0.45% required 2 years from now in October 2013, and is even ahead of the 1.00% target required in 2016.

Alloya's primary sources of funds are deposits by our credit union members in share and certificate accounts which totaled \$1.6 billion as of December 31, 2011. This represents a reduction of \$8.5 billion from the balance of \$10.1 billion that existed as of December 31, 2010 as we worked with credit unions to direct funds to the EBA program or to investment options available through our wholly-owned CUSO, Balance Sheet Solutions, LLC.

Alloya uses the proceeds from share and certificate deposits to store liquidity, make loans to credit unions and purchase high quality investments. On a daily basis, Alloya is helping credit unions meet their liquidity needs through a settlement loan program which ensures they have access to sufficient funds to meet their daily operational requirements. We also allocate a portion of our loan portfolio to term loans and hope to increase this program in the future.

Over the past few months Alloya Corporate has been working with its members to establish an Excess Balance Account (EBA) program that efficiently sweeps cash balances to the Federal Reserve Bank (FRB). As of December 31, 2011, the EBA program totaled \$3.2 billion and represents a significant new product line offered by Alloya. The EBA program initially flowed through a business partner until Alloya was approved as a direct agent by the FRB. We are now working with our members to establish Alloya as the direct agent to the FRB and expect to complete the transition by the end of the first quarter.

Thank you,

Todd M. Adams  
Chief Financial Officer

ALLOYA CORPORATE FEDERAL CREDIT UNION  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2011  
UNAUDITED  
(in thousands)

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 883,502	\$ 4,515,182
Interest earning deposits	237,350	2,119,749
Loans, net	308,473	369,287
Notes receivable	-	3,052,071
Investment securities, at fair value	222,740	3,398
Accrued income and other assets	9,323	15,355
<b>Total assets</b>	<u>\$ 1,661,388</u>	<u>\$ 10,075,042</u>
<b>Liabilities and Capital</b>		
Liabilities		
Shares and certificates	\$ 1,562,630	\$ 10,051,200
Accrued expenses and other liabilities	4,809	12,863
<b>Total liabilities</b>	<u>1,567,439</u>	<u>10,064,063</u>
Members' capital		
Perpetual contributed capital	64,646	-
Nonperpetual capital	8,546	-
Retained earnings	20,505	10,979
<b>Total members' capital</b>	<u>93,697</u>	<u>10,979</u>
Accumulated other comprehensive gain	252	-
<b>Total capital</b>	<u>93,949</u>	<u>10,979</u>
<b>Total liabilities and capital</b>	<u>\$ 1,661,388</u>	<u>\$ 10,075,042</u>
Excess balance accounts	\$ 3,248,231	\$ -

**ALLOYA CORPORATE FEDERAL CREDIT UNION**  
**CONSOLIDATED STATEMENT OF INCOME**  
**AS OF DECEMBER 31, 2011**  
**UNAUDITED**  
*(in thousands)*

	<u>Month-to-Date</u>	<u>Year-to-Date</u>
<b>Interest income</b>		
Investments	\$ 725	\$ 39,060
Loans	944	12,291
Total interest income	<u>1,669</u>	<u>51,351</u>
<b>Interest expense</b>		
Members' accounts	713	28,167
Total interest expense	<u>713</u>	<u>28,167</u>
Net interest income	956	23,184
<b>Noninterest income</b>		
Payments fee income, net	979	13,365
Balance Sheet Solutions fee income	607	7,925
Other income	-	470
Total noninterest income	<u>1,586</u>	<u>21,760</u>
<b>Noninterest expense</b>		
Salaries and employee benefits	1,527	24,686
Office operations	222	2,689
Office occupancy	167	3,066
Professional and outside services	231	2,236
Training, travel and communications	77	1,516
Other	31	1,880
Total noninterest expense	<u>2,255</u>	<u>36,073</u>
<b>Core net income</b>	<u>287</u>	<u>8,871</u>
<b>Net gain on financial instruments</b>	-	746
<b>Net income</b>	<u>\$ 287</u>	<u>\$ 9,617</u>

**ALLOYA CORPORATE FEDERAL CREDIT UNION**  
**CONSOLIDATED STATEMENT OF MEMBERS' EQUITY**  
**AS OF DECEMBER 31, 2011**  
**UNAUDITED**  
*(in thousands)*

	<u>Perpetual Contributed Capital</u>	<u>Nonperpetual Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Gain</u>
<b>Balances as of January 1, 2011</b>	\$ -	\$ -	\$ 10,979	\$ -
Net increase in members' capital accounts	64,646	8,546	-	-
Other comprehensive gain	-	-	-	252
Net income	-	-	9,617	-
Dividends on perpetual contributed capital	-	-	(91)	-
<b>Balances as of December 31, 2011</b>	<u>\$ 64,646</u>	<u>\$ 8,546</u>	<u>\$ 20,505</u>	<u>\$ 252</u>

**REGULATORY CAPITAL INFORMATION**

	<u>December 31, 2011</u>	<u>Capital Requirements</u>
Perpetual contributed capital	\$ 64,646	
Nonperpetual capital	8,546	
Retained earnings	20,505	
Total members' capital	<u>93,697</u>	
45% of unrealized gains on AFS securities	114	
Less: Investment in CUSO	(629)	
Total capital	<u>\$ 93,182</u>	
Moving daily average net assets	\$ 1,655,964	
Capital ratio	5.6%	4.00%
Retained earnings ratio	1.2%	.45% by 2013
Moving monthly average net risk-weighted assets	\$ 116,388	
Total risk-based capital ratio	80.1%	8%