

WesCorp | March 2009 Financials

The page features a decorative graphic consisting of three horizontal bars. The top bar is light blue, the middle bar is green, and the bottom bar is yellow. These bars are positioned on the right side of the page, extending from the text area down to the bottom edge.

MARCH 2009 FINANCIAL SUMMARY (REVISED)

WesCorp reported a net loss for March 2009 of \$4.3 million versus a \$2.1 million net loss in February 2009. The \$2 million increase in net losses was attributable primarily to a loss on a member loan incurred during the month of March. Other earnings pressures for March 2009 are the same as those discussed in the February 2009 monthly financial cover letter. The primary pressure on earnings continues to be the compressed spread between 1-month LIBOR and the effective Fed Funds rate. After accruals for paid-in-capital dividends of \$538,000 were reversed in March 2009, retained earnings decreased \$3.8 million for the month of March 2009.

WesCorp is operating with a Prior Undivided Earnings Deficit of \$3.7 billion guaranteed by the National Credit Union Share Insurance Fund (NCUSIF). The NCUSIF is the federal fund created by Congress in 1970 to insure member's deposits in federally insured credit unions. The insurance limit was temporarily increased from \$100,000 to \$250,000 per individual depositor on October 3, 2008. Administered by the National Credit Union Administration, the NCUSIF is backed by the "full faith and credit" of the U.S. Government. Member deposits are also fully guaranteed, as WesCorp is participating in the corporate credit union share guarantee program, the details of which are outlined at WWW.NCUA.GOV.

CONSERVATORSHIP

On March 20, 2009, in accordance with the Federal Credit Union Act, the National Credit Union Administration Board (the NCUA board) placed WesCorp into conservatorship and appointed itself as conservator. The NCUA board, in its role as conservator, has overall management authority over WesCorp's business, and has subsequently delegated the authority to conduct day-to-day operations to the CEO and management of WesCorp, so that WesCorp may continue to operate in the ordinary course of business.

Member Capital and Paid In Capital Accounts

In accordance with the definitions of membership capital and paid-in capital under Part 704.2 of the Rules and Regulations of the National Credit Union Administration, capital is available to cover losses that exceed retained earnings. WesCorp's terms of accounts for Paid-in Capital (PIC) and Membership Capital Accounts (MCA) also establish priority for application of losses against the Member Capital Accounts. According to the terms of accounts, losses that exceed retained earnings must be applied first to PIC and last to MCS. By application of the terms of account, your MCAs and PIC have been depleted to cover losses that exceed retained earnings, as mandated by Part 704.2.

NCUA Guarantee

All credit union deposits in WesCorp are guaranteed by the NCUSIF through September 30, 2011. Further, the NCUA has extended that guarantee to accommodate a two-year rolling expiration date with the option of quarterly extensions through December 2012. If the option to extend each quarter is fully utilized, the final guarantee would expire December 31, 2014. Please see www.NCUA.GOV for further details on the share guarantee.

Transparency

WesCorp will continue to assess projected losses every 90 days, as well as monitor projections against actual losses and will report those results to our members. Other information available for WesCorp members regarding its financials and securities portfolio are already available on the WesCorp Member Center—a secure, online portal — in the “Due Diligence” section. Included there are all of the CUSIP numbers of the securities held in WesCorp’s investment portfolio. Also included is WesCorp’s Term Investment Portfolio by Asset Group. This document breaks down the entire investment portfolio by asset class and shows the vintage (the year) of the securities’ issuance and the amounts held in each class. This document is updated monthly and will be accompanied by investment staff commentary.

WesCorp MONTH-END Balance Sheet

March 2009 (Unaudited)

[\$ thousands]

REVISED

Line & Item Description	Current	Previous	Same Month	Current vs Previous		Current vs Last Year	
	Month	Month	Last Year	\$ Difference	% Difference	\$ Difference	% Difference
1 Cash and Due from Banks	7,036,894	2,970,318	40,446	4,066,576	136.9	6,996,448	17,298.2
3 Investments:							
4 Trading Securities	12,699	10,906	8,120	1,793	16.4	4,579	56.4
5 Securities Available for Sale	10,641,495	10,744,285	12,617,394	(102,790)	(1.0)	(1,975,899)	(15.7)
6 Securities Held to Maturity	0	0	9,692,012	0	0.0	(9,692,012)	(100.0)
7 U.S. Central Investments	124,119	119,805	1,332,349	4,314	3.6	(1,208,230)	(90.7)
8 Other Investments	973,524	1,113,581	4,283,182	(140,057)	(12.6)	(3,309,658)	(77.3)
9 Total Investments	11,751,837	11,988,577	27,933,057	(236,740)	(2.0)	(16,181,220)	(57.9)
11 Loans	888,484	811,680	1,684,734	76,804	9.5	(796,250)	(47.3)
13 Other Assets	676,905	469,577	231,813	207,328	44.2	445,092	192.0
15 Total Assets	<u>20,354,120</u>	<u>16,240,152</u>	<u>29,890,050</u>	<u>4,113,968</u>	<u>25.3</u>	<u>(9,535,930)</u>	<u>(31.9)</u>
18 Borrowed Funds:							
19 Medium Term Note	249,902	249,892	1,249,772	10	0.0	(999,870)	(80.0)
20 FHLB Borrowing	1,050,000	1,550,000	3,600,000	(500,000)	(32.3)	(2,550,000)	(70.8)
21 Other Borrowed Funds	7,490,999	2,591,642	1,164,322	4,899,357	189.0	6,326,677	543.4
22 Total Borrowed Funds	8,790,901	4,391,534	6,014,094	4,399,367	100.2	2,776,807	46.2
24 Other Liabilities	854,680	913,341	760,259	(58,661)	(6.4)	94,421	12.4
26 Total Liabilities	9,645,581	5,304,875	6,774,353	4,340,706	81.8	2,871,228	42.4
28 Shares:							
29 Market Shares	9,283,108	10,016,286	9,077,340	(733,178)	(7.3)	205,768	2.3
30 Daily Shares	320,286	189,731	266,940	130,555	68.8	53,346	20.0
31 Share Certificates	11,675,043	11,407,013	13,301,045	268,030	2.3	(1,626,002)	(12.2)
32 Member Capital Accounts	0	929,915	1,047,838	(929,915)	(100.0)	(1,047,838)	(100.0)
33 Total Member Shares	21,278,437	22,542,945	23,693,163	(1,264,508)	(5.6)	(2,414,726)	(10.2)
34 Public Unit Shares	140	92	43,987	48	52.2	(43,847)	(99.7)
35 Total Shares	21,278,577	22,543,037	23,737,150	(1,264,460)	(5.6)	(2,458,573)	(10.4)
37 Permanent Capital:							
38 WesCorp Permanent Capital	0	211,427	211,427	(211,427)	(100.0)	(211,427)	(100.0)
39 Idaho Permanent Capital	0	1,647	1,647	(1,647)	(100.0)	(1,647)	(100.0)
40 Total Permanent Capital	0	213,074	213,074	(213,074)	(100.0)	(213,074)	(100.0)
42 Retained Earnings:							
43 Corporate Reserve	0	98,390	98,390	(98,390)	(100.0)	(98,390)	(100.0)
44 Market Flux Contingency & Undivided Earnings	(3,742,690)	(4,980,279)	665,933	1,237,589	24.8	(4,408,623)	(662.0)
45 Total Retained Earnings	(3,742,690)	(4,881,889)	764,323	1,139,199	23.3	(4,507,013)	(589.7)
47 Other Comprehensive Income (Loss):							
48 Unrealized Gain/(Loss) on Securities AFS & HTM	(4,125,520)	(4,132,800)	(1,155,954)	7,280	0.2	(2,969,566)	(256.9)
49 Unrealized Gain/(Loss) on OTTI Related to Other Factors	(1,913,301)	(1,956,305)	0	43,004	2.2	(1,913,301)	100.0
50 Unrealized Gain/(Loss) FAS133 Cash Flow	(34,467)	(38,145)	(25,411)	3,678	9.6	(9,056)	(35.6)
51 Unrealized Gain/(Loss) FAS133 CMBS	(731,399)	(788,755)	(407,146)	57,356	7.3	(324,253)	(79.6)
52 Unrealized Gain/(Loss) Defined Benefit	(22,661)	(22,940)	(10,340)	279	1.2	(12,321)	(119.2)
53 Total Other Comprehensive Income (Loss)	(6,827,348)	(6,938,945)	(1,598,851)	111,597	1.6	(5,228,497)	(327.0)
55 Total Liabilities and Equity	<u>20,354,120</u>	<u>16,240,152</u>	<u>29,890,050</u>	<u>4,113,968</u>	<u>25.3</u>	<u>(9,535,930)</u>	<u>(31.9)</u>

WesCorp AVERAGE Balance Sheet

REVISED

March 2009 (Unaudited)

[\$ thousands]

Line & Item Description	Current Month	Previous Month	Same Month Last Year	Current vs Previous		Current vs Last Year	
				\$ Difference	% Difference	\$ Difference	% Difference
1 Cash and Due from Banks	4,149,149	2,413,086	535,720	1,736,063	71.9	3,613,429	674.5
2							
3 Investments:							
4 Trading Securities	10,932	11,639	7,543	(707)	(6.1)	3,389	44.9
5 Securities Available for Sale	10,666,812	10,794,360	12,277,644	(127,548)	(1.2)	(1,610,832)	(13.1)
6 Securities Held to Maturity	1	0	9,747,257	1	100.0	(9,747,256)	(100.0)
7 U.S. Central Investments	127,524	125,112	1,496,078	2,412	1.9	(1,368,554)	(91.5)
8 Other Investments	734,196	696,019	3,176,709	38,177	5.5	(2,442,513)	(76.9)
9 Total Investments	11,539,465	11,627,130	26,705,231	(87,665)	(0.8)	(15,165,766)	(56.8)
10							
11 Loans	781,497	886,074	1,728,208	(104,577)	(11.8)	(946,711)	(54.8)
12							
13 Other Assets	607,553	567,246	225,796	40,307	7.1	381,757	169.1
14							
15 Total Assets	17,077,664	15,493,536	29,194,955	1,584,128	10.2	(12,117,291)	(41.5)
16							
17							
18 Borrowed Funds:							
19 Medium Term Note	249,893	249,883	1,249,760	10	0.0	(999,867)	(80.0)
20 FHLB Borrowing	1,114,516	2,923,036	2,737,097	(1,808,520)	(61.9)	(1,622,581)	(59.3)
21 Other Borrowed Funds	3,821,109	3,111,393	1,436,659	709,716	22.8	2,384,450	166.0
22 Total Borrowed Funds	5,185,518	6,284,312	5,423,516	(1,098,794)	(17.5)	(237,998)	(4.4)
23							
24 Other Liabilities	901,489	917,414	340,784	(15,925)	(1.7)	560,705	164.5
25							
26 Total Liabilities	6,087,007	7,201,726	5,764,300	(1,114,719)	(15.5)	322,707	5.6
27							
28 Shares:							
29 Market Shares	9,144,905	7,316,218	9,059,883	1,828,687	25.0	85,022	0.9
30 Daily Shares	698,130	627,953	676,356	70,177	11.2	21,774	3.2
31 Share Certificates	11,821,861	11,053,014	13,223,358	768,847	7.0	(1,401,497)	(10.6)
32 Member Capital Accounts	899,917	929,915	1,047,522	(29,998)	(3.2)	(147,605)	(14.1)
33 Total Member Shares	22,564,813	19,927,100	24,007,119	2,637,713	13.2	(1,442,306)	(6.0)
34 Public Unit Shares	123	170	8,949	(47)	(27.6)	(8,826)	(98.6)
35 Total Shares	22,564,936	19,927,270	24,016,068	2,637,666	13.2	(1,451,132)	(6.0)
36							
37 Permanent Capital:							
38 WesCorp Permanent Capital	204,607	211,427	211,427	(6,820)	(3.2)	(6,820)	(3.2)
39 Idaho Permanent Capital	1,594	1,647	1,647	(53)	(3.2)	(53)	(3.2)
40 Total Permanent Capital	206,201	213,074	213,074	(6,873)	(3.2)	(6,873)	(3.2)
41							
42 Retained Earnings:							
43 Corporate Reserve	95,217	98,390	98,390	(3,173)	(3.2)	(3,173)	(3.2)
44 Market Flux Contingency & Undivided Earnings	(4,940,352)	(4,977,944)	661,471	37,592	0.8	(5,601,823)	(846.9)
45 Total Retained Earnings	(4,845,135)	(4,879,554)	759,861	34,419	0.7	(5,604,996)	(737.6)
46 Other Comprehensive Income (Loss)	(6,935,345)	(6,968,980)	(1,558,348)	33,635	0.5	(5,376,997)	(345.0)
47 Total Liabilities and Equity	17,077,664	15,493,536	29,194,955	1,584,128	10.2	(12,117,291)	(41.5)

WesCorp MONTHLY Income Statement

March 2009 (Unaudited)

[\$ thousands]

REVISED

Line & Item Description	Current Month	Previous Month	Same Month Last Year	Current vs. Previous \$ Difference	Current vs. Previous % Difference	Current vs. Last Year \$ Difference	Current vs. Last Year % Difference
1 Interest Income:							
2 Investment Income:							
3 Coupon Income	23,219	23,174	86,218	45	0.2	(62,999)	(73.1)
4 Amortization Discounts/(Premiums)	378	18	(527)	360	2,000.0	905	171.7
5 Total Investment Income	23,597	23,192	85,691	405	1.7	(62,094)	(72.5)
6 Total Loan Income	3,086	2,566	6,093	520	20.3	(3,007)	(49.4)
7 Total Interest Income	26,683	25,758	91,784	925	3.6	(65,101)	(70.9)
8 Interest Expense:							
10 Interest on Borrowed Funds	4,104	6,637	14,441	(2,533)	(38.2)	(10,337)	(71.6)
11 Dividends on Shares	21,561	15,900	64,944	5,661	35.6	(43,383)	(66.8)
12 Dividends on Member Capital Accounts	(1,623)	770	3,822	(2,393)	(310.8)	(5,445)	(142.5)
13 Total Interest Expense	24,042	23,307	83,207	735	3.2	(59,165)	(71.1)
14 Net Interest Income (NII)	2,641	2,451	8,577	190	7.8	(5,936)	(69.2)
15 Loss on Financial Assets	(2,101)	0	0	(2,101)	(100.0)	(2,101)	(100.0)
16 Other Operating Income:							
20 EPS	493	408	471	85	20.8	22	4.7
21 IPS	1,793	1,674	1,750	119	7.1	43	2.5
22 Other	282	353	342	(71)	(20.1)	(60)	(17.5)
23 Total Other Operating Income	2,568	2,435	2,563	133	5.5	5	0.2
24 Total Income (Less Interest Expense)	3,108	4,886	11,140	(1,778)	(36.4)	(8,032)	(72.1)
25 Operating Expenses:							
28 Salaries & Wages	2,903	2,744	2,827	159	5.8	76	2.7
29 Employee Benefits	1,194	1,234	156	(40)	(3.2)	1,038	665.4
30 Travel & Conference	36	88	138	(52)	(59.1)	(102)	(73.9)
31 Dues	19	28	38	(9)	(32.1)	(19)	(50.0)
32 Office Occupancy	309	227	298	82	36.1	11	3.7
33 Office Operations	1,563	1,011	913	552	54.6	650	71.2
34 Bank & Other Service Charges	403	1,093	456	(690)	(63.1)	(53)	(11.6)
35 Education & Promotion	85	122	229	(37)	(30.3)	(144)	(62.9)
36 Other Operating Expenses	916	418	605	498	119.1	311	51.4
37 Total Operating Expenses	7,428	6,965	5,660	463	6.6	1,768	31.2
38 Income (Loss) from Operations	(4,320)	(2,079)	5,480	(2,241)	(107.8)	(9,800)	(178.8)
40 Gain (loss) on sale of fixed assets	(8)	0	0	(8)	(100.0)	(8)	(100.0)
41 NET INCOME (LOSS)	(4,328)	(2,079)	5,480	(2,249)	(108.2)	(9,808)	(179.0)
42 Distribution of Retained Earnings	(538)	255	867	(793)	(311.0)	(1,405)	(162.1)
43 Increase/(Decrease) in Retained Earnings	(3,790)	(2,334)	4,613	(1,456)	(62.4)	(8,403)	(182.2)

WesCorp YEAR-TO-DATE Income Statement

REVISED

March 2009 (Unaudited)

[\$ thousands]

Line & Item Description	YTD Current Year	YTD Same Month Last Year	Current Year vs. Last Year	
			\$ Difference	% Difference
1 Interest Income:				
2 Investment Income:				
3 Coupon Income	72,772	291,413	(218,641)	(75.0)
4 Amortization Discounts/(Premiums)	4,167	(1,596)	5,763	361.1
5 Total Investment Income	76,939	289,817	(212,878)	(73.5)
6 Total Loan Income	8,561	19,220	(10,659)	(55.5)
7 Total Interest Income	85,500	309,037	(223,537)	(72.3)
8				
9 Interest Expense:				
10 Interest On Borrowed Funds	19,470	72,276	(52,806)	(73.1)
11 Dividends on Shares	57,202	199,303	(142,101)	(71.3)
12 Dividends on Member Capital Accounts	0	11,289	(11,289)	(100.0)
13 Total Interest Expense	76,672	282,868	(206,196)	(72.9)
14				
15 Net Interest Income (NII)	8,828	26,169	(17,341)	(66.3)
16				
17 Loss on Financial Assets	(2,101)	0	(2,101)	(100.0)
18				
19 Other Operating Income:				
20 EPS	1,321	1,324	(3)	(0.2)
21 IPS	5,257	5,373	(116)	(2.2)
22 Other	959	995	(36)	(3.6)
23 Total Other Operating Income	7,537	7,692	(155)	(2.0)
24				
25 Total Income (Less Interest Expense)	14,264	33,861	(19,597)	(57.9)
26				
27 Operating Expenses:				
28 Salaries & Wages	7,661	8,486	(825)	(9.7)
29 Employee Benefits	3,601	2,551	1,050	41.2
30 Travel & Conference	187	348	(161)	(46.3)
31 Dues	72	89	(17)	(19.1)
32 Office Occupancy	799	831	(32)	(3.9)
33 Office Operations	3,690	3,219	471	14.6
34 Bank & Other Service Charges	2,291	1,802	489	27.1
35 Education & Promotion	637	737	(100)	(13.6)
36 Other Operating Expenses	1,702	1,422	280	19.7
37 Total Operating Expenses	20,640	19,485	1,155	5.9
38				
39 Income (Loss) from Operations	(6,376)	14,376	(20,752)	(144.4)
40				
41 Gain/(Loss) on sale of fixed assets	(8)	(4)	(4)	(100.0)
42				
43 NET INCOME (LOSS)	(6,384)	14,372	(20,756)	(144.4)
44				
45 Distribution of Retained Earnings	0	2,545	(2,545)	(100.0)
46				
47 Increase/(Decrease) in Retained Earnings	(6,384)	11,827	(18,211)	(154.0)

WesCorp KEY RATIOS Report
March 2009 (Unaudited)

REVISED

Line & Item Description	Current Month	Previous Month	Same Month Last Year	Current Year YTD Average	Last Year YTD Average
1 INTERNAL CAPITAL					
2 Retained Earnings	-28.37%	-31.49%	2.60%	-29.67%	2.55%
3 Core Capital	-27.16%	-30.12%	3.33%	-28.38%	3.26%
4 Total Capital (policy min. 6%)	-21.92%	-24.17%	6.92%	-22.81%	6.79%
5					
6 REGULATORY CAPITAL					
7 Retained Earnings (regulatory min. 2%)	-14.94%	-18.72%	2.45%	-16.70%	2.44%
8 Core Capital	-14.94%	-17.90%	3.14%	-16.19%	3.12%
9 Total Capital (regulatory min. 5%)	-14.94%	-14.36%	6.48%	-13.97%	6.46%
10					
11 NET WORTH					
12 NEV/Assets (Base case)	-52.10%	-64.12%	1.40%	-61.93%	1.44%
13 NEV/Assets (300 bp shock)	-51.74%	-64.89%	0.06%	-62.43%	0.42%
14 Net Worth/Assets (Book value)	-68.98%	-76.47%	-2.74%	-68.28%	-1.58%
15					
16 EARNINGS RATIOS					
17 Return on Assets	-0.26%	-0.20%	0.19%	-0.16%	0.16%
18 Net Return on Investments (NII)	0.10%	0.23%	0.32%	0.21%	0.33%
19 Return on RUDE-Equity	0.92%	0.63%	7.17%	0.53%	6.28%
20 Earnings Assets/Total Assets	72.1%	80.8%	97.4%	80.1%	97.2%
21					
22 EFFICIENCY RATIO	204.18%	150.41%	55.09%	144.78%	62.23%
23					
24 LIQUIDITY					
25 Gap (with Public Unit Funds)	66%	56%	60%	58%	52%
26 Gap (without Public Unit Funds)	66%	56%	60%	58%	52%
27					
28 Avg Flash Liquidity (with PUF & TTL)	35%	11%	33%	17%	39%
29 Avg Flash Liquidity (without PUF & TTL)	35%	11%	33%	17%	39%
30					
31 MAXIMUM GROWTH IN BALANCE SHEET					
32 Maximum balance sheet with current capital (\$ millions)	(\$62,317)	(\$62,370)	\$33,613	(\$62,383)	\$33,628
33 Maximum growth in balance sheet w/ PUF (\$ millions)	(\$79,395)	(\$77,864)	\$4,418	(\$78,791)	\$3,895
34 Maximum growth in balance sheet w/o PUF (\$ millions)	(\$79,394)	(\$77,864)	\$4,427	(\$78,791)	\$3,919
35 Maximum growth in balance sheet w/ PUF (%)	-464.9%	-502.6%	15.1%	-480.2%	13.1%
36 Maximum growth in balance sheet w/o PUF (%)	-464.9%	-502.6%	15.2%	-480.2%	13.2%

DEFINITIONS

Retained Earnings = Reserves, Undivided Earnings; excludes allowance for loan and lease losses, SFAS 115 and SFAS 133 adjustments.

Core Capital = Reserves, Undivided Earnings, Permanent Capital (paid-in capital); excludes allowance for loan and lease losses, SFAS 115 and SFAS 133 adjustments.

Total Capital = Core Capital and three-year MCAs, excluding two-year amortized portion of three-year MCAs that have given notice.

Capital ratios per policy are measured on the basis of average monthly capital divided by average monthly assets; capital ratios per NCUA Reg 704 are measured on the basis of month-end capital divided by rolling 12-month average net assets.

Net Worth = Reserves and undivided earnings; SFAS 115 and SFAS 133 adjustments are included.

Earnings Ratios = Net of dividends on paid-in capital (PIC)

Efficiency Ratio = Total Expenses/((Income From Investment Operations - PIC) + Fee Income)

Gap is defined as the ratio of financial assets maturing in the next six months to financial liabilities maturing in the next six months.

Flash liquidity is defined as the ratio of overnight financial assets to overnight financial liabilities.

All balance sheet ratios are based on average balances, except for Gap and NEV ratios, which are based on month-end balances; YTD ratios for these categories are based on average month-end data.

WESCORP. 

924 Overland Court
San Dimas, California 91773-1750
www.wescorp.org