

STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	2002	2001
INTEREST INCOME:		
Interest on loans (Notes 1 & 3)	\$4,629,634	\$4,980,614
Income on investments	972,277	1,730,861
Total interest income	5,601,911	6,711,475
INTEREST EXPENSE:		
Interest on borrowings	1,051	1,990
Dividend expense on share accounts (Notes 1 & 5)	1,444,614	2,351,632
Total interest expense	1,445,665	2,353,622
NET INTEREST INCOME	4,156,246	4,357,853
PROVISION FOR LOAN LOSSES (Notes 1 & 3)	386,773	298,730
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	3,769,473	4,059,123
NON-INTEREST INCOME:		
Fees and charges	1,903,456	1,472,299
Miscellaneous income	192,312	178,593
Total non-interest income	2,095,768	1,650,892
NON-INTEREST EXPENSES:		
Compensation and benefits	2,407,232	2,454,530
Office operations	1,103,724	1,113,474
Service processing charges	672,707	615,311
Depreciation and amortization	364,686	384,493
Occupancy	351,464	372,641
Education and promotion	238,454	309,474
Professional fees	89,246	73,668
Director expenses and dues	89,121	73,029
Insurances	42,731	40,836
Other	159,909	127,272
Total non-interest expense	5,519,274	5,564,728
NET INCOME	\$345,967	\$145,287

STATEMENTS OF MEMBERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	Statutory Reserve	Undivided Earnings	Accumulated Other Comprehensive Income	Total
BALANCE - DECEMBER 31, 2000	\$3,139,968	\$5,665,253	\$196,670	\$9,001,891
COMPREHENSIVE INCOME:				
Net income - For the year ended December 31, 2001	-	145,287	-	145,287
Change in market value	-	-	(287,492)	(287,492)
TOTAL COMPREHENSIVE INCOME (LOSS)	-	145,287	(287,492)	(142,206)
BALANCE - DECEMBER 31, 2001	3,139,968	5,810,540	(90,822)	8,859,686
COMPREHENSIVE INCOME:				
Net income - For the year ended December 31, 2002	-	345,967	-	345,967
Change in market value	-	-	(253,675)	(253,675)
TOTAL COMPREHENSIVE INCOME (LOSS)	-	345,967	(253,675)	92,292
Reserve transfer 2002	119,389	(119,389)	-	-
BALANCE - DECEMBER 31, 2002	\$3,259,357	\$6,037,118	\$(344,497)	\$8,951,978

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received	\$5,713,946	\$6,992,031
Other income received	2,095,768	1,650,891
Dividends paid	(1,445,665)	(2,353,622)
Cash paid to employees and suppliers	(5,140,761)	(5,070,365)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,223,288	1,218,935
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(147,605)	(139,256)
Purchase of available-for-sale investments	(20,347,000)	(183,910)
Proceeds from (purchases of) other investments - net	29,990,277	(7,019,693)
Proceeds from held-to-maturity investments	(83,559)	55,659
Net (increase) decrease in loans outstanding	(9,059,006)	61,591
Decrease (increase) in insurance deposit	(105,928)	139,224
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	247,179	(7,086,385)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in members' shares	4,405,248	1,783,795
New borrowings	1,828,064	13,544,670
Repayment of borrowed funds	(2,314,378)	(13,058,356)
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,918,934	2,270,109
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,389,401	(3,597,341)
CASH AND CASH EQUIVALENTS:		
BEGINNING OF YEAR	3,655,651	7,252,992
END OF YEAR	\$9,045,052	\$3,655,651

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	2002	2001
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
NET INCOME	\$345,967	\$145,287
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
NON-CASH ITEMS:		
Provision for loan losses	386,773	298,730
Depreciation and amortization expense	364,686	384,493
CHANGE IN CERTAIN BALANCE SHEET ACCOUNTS:		
Interest receivable	112,035	280,556
Other assets and prepaid expenses	(86,839)	71,566
Accounts payable	99,845	38,303
Accounts receivable	821	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$1,223,288	\$1,218,935