LOUISIANA CORPORATE CREDIT UNION

FINANCIAL REPORT

December 31, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

Board of Directors and
Supervisory Committee of
Louisiana Corporate Credit Union
Metairie, Louisiana

Report on Financial Statements

We have audited the accompanying financial statements of Louisiana Corporate Credit Union (the "Credit Union"), which comprise the Statements of Financial Condition as of December 31, 2013 and 2012, and the related Statements of Comprehensive Income, Changes in Members' Equity and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Credit Union's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Credit Union as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Non-Interest Income and General and Administrative Expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely,

Carr, Riggs & Ingram, LLC

Metairie, Louisiana
April 28, 2014

FINANCIAL STATEMENTS

LOUISIANA CORPORATE CREDIT UNION
STATEMENTS OF FINANCIAL CONDITION
December 31, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 12,629,930	$ 8,292,685
Time and interest bearing deposits	9,171	499,171
Investment securities, available-for-sale	111,929,942	129,001,048
Investment in CUSOs	491,848	528,922
Federal Home Loan Bank stock, at cost	1,204,300	653,900
Loans receivable	940,910	44,856
Accrued interest receivable	155,580	63,214
NCUSIF deposit	266,965	274,318
Premises and equipment, net	39,958	10,354
Other assets	305,312	346,439
Total assets	$ 127,973,916	$ 139,714,907
LIABILITIES AND MEMBERS' EQUITY		
Members' shares and share equivalents	$ 101,227,070	$ 134,097,010
Borrowed funds	21,000,000	-
Accrued interest payable	13,499	14,057
Accrued expenses and other liabilities	44,237	74,554
Total liabilities	122,284,806	134,185,621
Members' equity, substantially restricted		
Perpetual contributed capital	7,119,452	7,112,427
Undivided earnings	1,072,127	498,937
Accumulated other comprehensive loss	(2,502,469)	(2,082,078)
Total members' equity	5,689,110	5,529,286
Total liabilities and members' equity	$ 127,973,916	$ 139,714,907

See accompanying notes to financial statements.

LOUISIANA CORPORATE CREDIT UNION
STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2013 and 2012

	2013	2012
Interest income:		
Investments	$ 1,012,430	$ 1,389,409
Loans receivable	4,496	900
Total interest income	1,016,926	1,390,309
Interest expense:		
Members' shares and share equivalents	171,199	249,901
Borrowed funds	6,709	2,369
Total interest expense	177,908	252,270
Net interest income	839,018	1,138,039
Non-interest income	1,293,208	841,053
Non-interest expense	1,531,927	1,575,860
Net income	600,299	403,232
Other comprehensive (loss) income:		
Other-than-temporary impairment of securities	51,294	8,395
Gain on sale of securities, available-for-sale	(39,230)	(3,585)
Net change in unrealized losses on securities, available-for-sale	(432,455)	706,320
Total other comprehensive (loss) income	(420,391)	711,130
Total comprehensive income	$ 179,908	$ 1,114,362

See accompanying notes to financial statements.

LOUISIANA CORPORATE CREDIT UNION
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
For the Years Ended December 31, 2013 and 2012

	Perpetual Contributed Capital	Undivided Earnings	Accumulated Other Comprehensive Loss	Total
Balance at January 1, 2012	$ 6,631,671	$ 120,211	$ (2,793,208)	$ 3,958,674
Perpetual contributed capital issued	480,756	-	-	480,756
Dividends paid on perpetual contributed capital	-	(24,506)	-	(24,506)
Total comprehensive income	-	403,232	711,130	1,114,362
Balance at December 31, 2012	7,112,427	498,937	(2,082,078)	5,529,286
Perpetual contributed capital issued	7,025	-	-	7,025
Dividends paid on perpetual contributed capital	-	(27,109)	-	(27,109)
Total comprehensive income (loss)	-	600,299	(420,391)	179,908
Balance at December 31, 2013	$ 7,119,452	$ 1,072,127	$ (2,502,469)	$ 5,689,110

See accompanying notes to financial statements.

LOUISIANA CORPORATE CREDIT UNION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2013 and 2012

	2013	2012
NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 600,299	$ 403,232
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities:		
Depreciation/Amortization	13,663	10,233
Net accretion of discounts on investment securities	(11,454)	(98,623)
Gain on sale of securities, available-for-sale	(39,230)	(3,585)
Loss on impairment of securities, available-for-sale	51,294	8,955
Increase (decrease) in operating assets:		
Accrued interest receivable	(92,366)	5,226
Other assets	41,127	3,845
(Decrease) increase in operating liabilities:		
Accrued interest payable	(558)	(52,810)
Accrued expenses and other liabilities	(30,317)	34,019
NET CASH PROVIDED BY OPERATING ACTIVITIES	532,458	310,492
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease (increase) in:		
Time and interest bearing deposits	490,000	26,407,679
Loans receivable	(896,054)	152,726
NCUSIF deposit	7,353	19,983
Federal Home Loan Bank stock	(550,400)	(434,300)
Investment in CUSO	37,074	33,986
Investment in deferred compensation plan assets	-	2,494,451
Purchase of investment securities, available-for-sale	(59,557,322)	(40,541,441)
Maturity of investment securities, available-for-sale	25,817,511	32,643,398
Sales of investment securities, available for sale	50,389,916	7,235,492
Purchase of property and equipment	(43,267)	(6,707)
NET CASH PROVIDED BY INVESTING ACTIVITIES	15,694,811	28,005,267

(Continued.)

LOUISIANA CORPORATE CREDIT UNION
STATEMENTS OF CASH FLOWS (CONTINUED)
For the Years Ended December 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net decrease in members' shares and savings accounts	(32,869,940)	(60,899,950)
Perpetual contributed capital issued	7,025	480,756
Dividends paid on perpetual contributed capital	(27,109)	(24,506)
Line of credit	21,000,000	-
NET CASH USED IN FINANCING ACTIVITIES	(11,890,024)	(60,443,700)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,337,245	(32,127,941)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8,292,685	40,420,626
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 12,629,930	$ 8,292,685
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS:		
Cash paid during the year for interest	$ 178,466	$ 305,080

See accompanying notes to financial statements.

LOUISIANA CORPORATE CREDIT UNION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2013 and 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Louisiana Corporate Credit Union (the "Credit Union") is a cooperative association organized in accordance with the provisions of the Louisiana Credit Union Act for the purpose of serving corporate accounts through money management and creating a source of credit for its members who are principally state and federally chartered credit unions located in the United States. The Credit Union competes with other asset management and investment companies, including other corporate credit unions. The Credit Union is chartered by the State of Louisiana and regulated by the State as well as by the federal government through the National Credit Union Administration ("NCUA"), which also provides insurance on members' deposits.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Specifically, management has made estimates based on assumptions for fair value of financial instruments and the assessment of other than temporary impairment on investments. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of financial statement classification, the Credit Union considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Time and Interest Bearing Deposits

Time and interest bearing accounts are comprised primarily of overnight and short certificates. Such amounts are carried at cost, which approximates market value at December 31, 2013 and 2012.

Investment Securities

The Credit Union's investments in securities are classified and accounted for as follows:

Held-to-Maturity: Government, government agency and corporate bonds, notes, and certificates which the Credit Union has the positive intent and ability to hold to maturity are reported at cost, adjusted for amortization of premiums and accretion of discounts which are recognized in interest income using the interest method over the period to maturity.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Available-for-Sale: Government, government agency and corporate bonds, notes, and certificates are classified as available-for-sale when the Credit Union anticipates that the securities could be sold in response to rate changes, prepayment risk, liquidity, availability of and the yield on alternative investments and other market and economic factors. These securities are reported at fair value.

Unrealized gains and losses on securities available for sale are recognized as direct increases or decreases in other comprehensive income. Purchase premiums and discounts are recognized as direct increases or decreases in other comprehensive income. Declines in fair value of held-to-maturity and available-for-sale securities below their cost that are deemed to be other-than-temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment ("OTTI") losses, management considers the length of time and the extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuer, and the intent and ability of the Credit Union to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Gains and losses on the sale of securities are recorded on the trade date and the costs of securities sold are determined using the specific identification method.

The Credit Union does not maintain a trading portfolio.

Loans

The Credit Union grants installment and demand loans to its members. Loans receivable are stated at unpaid principal balances. Interest on loans, which is recognized on the accrual basis, is calculated based on the principal balance using variable rates as stipulated in the loan agreements. The Credit Union evaluates each member's credit worthiness on a case-by-case basis.

Allowance for Loan Loss

The allowance for loan losses is based on management's evaluation of the collectability of the loans. The evaluation of management includes consideration of prior loan-loss experience, the results of internal review procedures, the current financial condition of the borrower, the quality of the collateral, and current economic condition affecting the inherent collection risks of the loan portfolio. The accrual of interest is discontinued when management believes that the collection of interest is doubtful. The Credit Union has not historically incurred loan losses. Management believes that no allowance for loan losses is necessary for the years ended December 31, 2013 and 2012 because the loans are generally short-term in nature and secured by member's deposits and other assets. The Credit Union does not grant unsecured loans. There were no losses or delinquent loans in 2013 or 2012.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Premises and Equipment

All premises and equipment are carried at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

Impairment of Long-Lived Assets

Long-lived assets and certain identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management reviews all material assets annually for possible impairment. If assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets.

NCUSIF Deposit

The deposit in the National Credit Union Share Insurance Fund ("NCUSIF") is in accordance with National Credit Union Administration ("NCUA") regulations, which require the maintenance of a deposit by each insured credit union in an amount equal to one percent of its uninsured shares. The deposit would be refunded to the Credit Union if its insurance coverage is terminated, it converts to insurance coverage from another source, or the operations of the fund are transferred from the NCUA Board. At December 31, 2013 and 2012, the Credit Union's total net deposit with NCUSIF was $266,965 and $274,318, respectively.

NCUSIF Insurance Premiums

The Credit Union is required to pay an annual insurance premium equal to a percent of its total insured shares as determined by the NCUA, unless the payment is waived or reduced by the NCUA Board. The premium charges associated with the Corporate Stabilization Plan and assessed by the NCUA for the years ended December 31, 2013 and 2012 of 8 and 9.5 basis points, respectively, resulted in expenses of $21,357 and $26,060, respectively. These amounts are recorded in the accompanying Statements of Comprehensive Income as general and administrative expenses.

Members' Shares and Share Equivalents

Members' shares are subordinated to all other liabilities of the Credit Union other than membership capital share deposits, member paid-in-capital deposits, perpetual contributed capital, and non-perpetual capital accounts upon liquidation. Interest on members' shares and share equivalents is based on available earnings at the end of an interest period and is not guaranteed by the Credit Union. Interest rates on members' share accounts are established by the Board of Directors, based on an evaluation of current and future market conditions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Credit Union follows the guidance of FASB ASC 825, *Financial Instruments*, and FASB ASC 820, *Fair Value Measurements and Disclosures*. This guidance permits entities to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This guidance clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Under this guidance, fair value measurements are not adjusted for transaction costs. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Perpetual Contributed Capital (PCC)

PCC represents the investment required for membership capital voting rights and membership by credit unions. Members of record with balances lower than the required amount due to a charge down of their Members' capital shares and or Paid-in-capital shares qualified for full membership by transferring their remaining amount of Members' capital shares to PCC. PCC is not negotiable or assignable but may be transferable to another eligible member credit union under certain provisions. PCC may not be pledged or used as security for borrowing. PCC dividends are determined based on net earnings and the overall capital needs of the Credit Union. Additionally, PCC dividends are not guaranteed and may be suspended if earnings are negative and/or capital levels fall below regulatory and/or policy minimum levels.

Comprehensive Income/(Loss)

Comprehensive income or loss consists of net income or loss and other comprehensive income or loss that includes unrealized gains and losses on securities available for sale.

Income Taxes

As a corporate credit union, the Credit Union is exempt from most federal, state, and local taxes under the provisions of the Internal Revenue Code.

Off-Balance Sheet Credit Related Financial Instruments

In the ordinary course of business, the Credit Union has entered into commitments to extend credit. Such financial instruments are recorded when they are funded.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Credit Union's policy is to expense all advertising fees as incurred.

Compensated Absences

Employees of the Credit Union are entitled to paid vacation, paid sick days and personal days off, depending on job classifications, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences, and, accordingly, no liability has been recorded in the accompanying financial statements. The Credit Union's policy is to recognize the costs of compensated absences when actually paid to employees.

Reclassifications

Certain reclassifications have been made to the 2012 financial statement presentation to correspond to the current year's format. Total members' equity and net income are unchanged due to these reclassifications.

Subsequent Events

Management has evaluated subsequent events through April 28, 2014, the date of the financial statements were available to be issued.

Recently Issued Accounting Standards

In February 2013, the FASB issued ASU No. 2013-02, which updated ASC Topic 220, *Comprehensive Income*, which requires an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under Generally Accepted Accounting Principles (GAAP) to be reclassified in its entirety to net income. For other amounts that are not reclassified in their entirety to net income, an entity is required to cross-reference other disclosures required under GAAP that provide additional detail about those amounts. ASU No. 2013-02 is effective for annual reporting periods beginning on or after December 15, 2013. Management does not anticipate the adoption of ASU No. 2013-02 will have a material impact on the Credit Union's financial position, results of operations or cash flows.

NOTE 2 - LOANS RECEIVABLE

The composition of loans to members is as follows:

	December 31, 2013	December 31, 2012
Demand/line-of-credit loans receivable	$ 940,910	$ 44,856

The loans receivable balance as of December 31, 2013 was made up of three (3) demand loans to member credit unions which were originated on December 31, 2013. These loans were considered short-term loans and were expected to be fully collectible within thirty (30) days. The loans receivable balance as of December 31, 2012 consisted of one (1) loan.

NOTE 3 - AVAILABLE-FOR-SALE SECURITIES

The amortized cost and estimated fair value of securities available-for-sale are as follows:

	December 31, 2013			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Debt securities:				
U.S. government and federal agency securities (33)	$ 72,138,487	$ 49,811	$ (946,514)	$ 71,241,784
Government agency mortgage backed securities (27)	19,725,037	3,391	(254,855)	19,473,573
Corporate debt securities (10)	17,568,887	2,271	(55,065)	17,516,093
Total debt securities	109,432,411	55,473	(1,256,434)	108,231,450
Mutual fund	5,000,000	-	(1,301,508)	3,698,492
	$ 114,432,411	$ 55,473	$ (2,557,942)	$ 111,929,942

NOTE 3 - AVAILABLE-FOR-SALE SECURITIES (CONTINUED)

	December 31, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Debt securities:				
U.S. government and federal agency securities (19)	$ 40,152,100	$ 78,833	$ (259,523)	$ 39,971,410
Government agency mortgage backed securities (67)	84,610,027	251,417	(300,413)	84,561,031
Corporate debt securities (3)	1,320,999	484	(536,293)	785,190
Total debt securities	126,083,126	330,734	(1,096,229)	125,317,631
Mutual fund	5,000,000	-	(1,316,583)	3,683,417
	$ 131,083,126	$ 330,734	$ (2,412,812)	$ 129,001,048

The amortized cost and estimated market value of securities available-for-sale at December 31, 2013, by contractual maturity, are shown below. Expected maturities may vary from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
Due in one year or less	$ 8,030,409	$ 8,053,606
Due after one year through five years	29,812,607	29,769,394
Due after five years through ten years	20,924,966	20,702,440
Due after ten years	50,664,429	49,706,010
	109,432,411	108,231,450
Mutual fund	5,000,000	3,698,492
	$ 114,432,411	$111,929,942

NOTE 3 - AVAILABLE-FOR-SALE SECURITIES (CONTINUED)

Information pertaining to securities with gross unrealized losses as of December 31, 2013 and 2012, aggregated by investment category and length of time that individual securities have been in a continuous loss position, are as follows:

	December 31, 2013					
	Less than 12 Months		12 Months or Greater		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
U.S. government and federal agency securities	$ 32,109,102	$ (378,287)	$ 22,076,692	$ (568,227)	$ 54,185,794	$ (946,514)
Government agency mortgage backed securities	5,838,975	(17,276)	12,696,529	(237,579)	18,535,504	(254,855)
Corporate debt Securities	14,707,274	(42,196)	270,738	(12,869)	14,978,012	(55,065)
Mutual fund	-	-	3,698,492	(1,301,508)	3,698,492	(1,301,508)
Total	$ 52,655,351	$ (437,759)	$ 38,742,451	$ (2,120,183)	$ 91,397,802	$ (2,557,942)

	December 31, 2012					
	Less than 12 Months		12 Months or Greater		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
U.S. government and federal agency securities	$ 17,988,577	$ (234,203)	$ 2,086,834	$ (25,320)	$ 20,075,411	$ (259,523)
Government agency mortgage backed securities	6,530,482	(175,835)	13,889,455	(124,578)	20,419,937	(300,413)
Corporate debt Securities	-	-	740,089	(536,293)	740,089	(536,293)
Mutual fund	-	-	3,683,417	(1,316,583)	3,683,417	(1,316,583)
Total	$ 24,519,059	$ (410,038)	$ 20,399,795	$ (2,002,774)	$ 44,918,854	$ (2,412,812)

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to the length of time and the extent to which the fair value has been less than cost, the credit rating of each security, the tranche and underlying collateral in the evaluation of each security, and the intent and ability of the Credit Union to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

NOTE 3 - AVAILABLE-FOR-SALE SECURITIES (CONTINUED)

Market changes in interest rates and market changes in credit spreads will cause normal fluctuations in the market price of securities and the possibility of temporary unrealized losses. The U.S government and federal agency securities in a loss position are considered to be government sponsored enterprise ("GSE") securities and are not considered to have other than temporary losses. The government agency mortgage backed securities in a loss position also have GSE backing and therefore are not considered to have credit risk nor is the loss considered to be other than temporary. Two (2) of the seven (7) corporate debt securities in a loss position are considered to be impaired and are discussed further below. The remaining corporate debt securities were purchased in the current year are considered to be in a loss position due to changing interest rates. The mutual fund is comprised of underlying GSE securities and cash and is not subject to other-than-temporary impairment analysis. Management obtains, from an independent third party, an analysis of the Credit Union's investments quarterly and the neither the third party nor management believe that the mutual fund losses are other-than-temporarily impaired. Unrealized losses in the Credit Union's investment portfolio are consistent with changes in market interest rates over the past year and are considered temporary.

At December 31, 2013 the Credit Union held, in its available for sale investment portfolio, two (2) bond securities which were determined to have other-than-temporary impairment losses. In light of the significant decline in the market value of these securities and as it is unclear if the value of these securities will improve, the Credit Union recognized a $51,294, non-cash other-than-temporary charge on these investments as of December 31, 2013.

NOTE 4 – PREMISES AND EQUIPMENT

Premises and equipment is summarized as follows:

	December 31, 2013	December 31, 2012
Furniture and equipment	$ 280,060	$ 236,793
Leasehold improvements	8,039	8,039
Total premises and equipment	288,099	244,832
Less accumulated depreciation and amortization	(248,141)	(234,478)
Total premises and equipment, net	$ 39,958	$ 10,354

Depreciation expense for 2013 and 2012 was $13,663 and $10,233, respectively.

NOTE 5 - MEMBERS' SHARES AND SHARE EQUIVALENTS

Perpetual Contributed Capital ("PCC") represents the investment required for membership capital voting rights and membership by credit unions. Members of record with balances lower than the required amount due to a charge down of their Membership Capital Shares ("MCS") and or Paid-In-Capital deposits ("PIC") qualified for full membership by transferring their remaining amount of MCS to PCC.

Membership Capital Accounts have no maturity date, require a three year notice of withdrawal and constitute regulatory capital. In the event of the Credit Union's liquidation, MCS deposits are payable only after satisfaction of all liabilities of the Credit Union, including uninsured obligations to the members and the NCUSIF, as well as PCC and NCA issued after January 18, 2011, but excluding ("PIC").

In the event of the Credit Union's liquidation, PIC shares are payable only after the satisfaction of all liabilities of the Credit Union, including uninsured obligations to members, the NCUSIF, MCS deposits, as well as PCC and NCA deposits issued after January 18, 2011. Dividends on MCS, PCC and non-refundable PIC are discretionary and are paid monthly by the Board of Directors.

A summary of members' shares and share equivalents is as follows:

	December 31,	
	2013	2012
Daily shares	$ 87,045,245	$ 131,775,855
Share certificates	12,000,000	-
Paid-in-capital shares (PIC)	37,145	37,145
MCS on notice	1,644,680	1,784,010
Non-perpetual capital (NCA)	500,000	500,000
	$ 101,227,070	$ 134,097,010

The aggregate amounts of members' share and savings accounts over $100,000 were approximately $86 million and $135 million at December 31, 2013 and 2012, respectively.

The $12,000,000 in share certificates at December 31, 2013 are callable after one month and scheduled to mature in 2015. As of the report date, all share certificates had been called. There were no share certificates at December 31, 2012.

NOTE 6 - CREDIT UNION SERVICE ORGANIZATIONS

CNBS, LLC ("CNBS") was organized to provide a national institutional securities dealer and investment advisory service in cooperation with the credit union network. CNBS is a registered broker/dealer and investment adviser operating in the securities industry and provides services to financial institutions. The carrying value of this investment at December 31, 2013 and 2012 was $128,871, which is reflected in the accompanying Statements of Financial Condition.

NOTE 6 - CREDIT UNION SERVICE ORGANIZATIONS (CONTINUED)

Primary Financial Company, LLC ("Primary") offers a program, SimpliCD, which enables the Credit Union's members to invest in federally insured certificates of deposit. The carrying value of this investment at December 31, 2013 and 2012 was $250,813 and $292,708, respectively, which is reflected in the accompanying Statements of Financial Condition.

CU Business Group, LLC ("CUBG") provides business lending, deposit and consulting services to credit unions nationwide. The carrying value of this investment at December 31, 2013 and 2012 was $112,164 and $107,343, respectively, which is reflected in the accompanying Statements of Financial Condition.

NOTE 7 - RELATED PARTY TRANSACTIONS

In the normal course of business, the Credit Union made loans to member credit unions with common directors and principal officers. These loans are made on the same terms, including interest rate and collateral, as those prevailing at the time for similar loans with other members. There were no such loans outstanding at December 31, 2013 and 2012. Deposits from related parties at December 31, 2013 and 2012 amounted to $20,330,709 and $35,392,931, respectively.

NOTE 8 - LINES OF CREDIT

The Credit Union has a secured credit agreement with the Federal Home Loan Bank of Dallas for a credit capacity of $35.2 million and $86.7 million at December 31, 2013 and 2012, respectively. The credit agreement is secured by investment securities transferred from the Credit Union to the Federal Home Loan Bank of Dallas for safekeeping.

As of December 31, 2013 the Credit Union carried a balance of $21,000,000 at a rate of 0.15% and was an overnight loan payable on January 2, 2014. There was no balance as of December 31, 2012.

NOTE 9 - UNINSURED DEPOSITS

The Credit Union has deposits with other financial institutions. These funds may at times exceed the federally insured amount as of December 31, 2013 and 2012.

NOTE 10 - OPERATING LEASES

The Credit Union leases its main office facilities under an operating lease as follows:

Branch	Term (Years)	Expiration Date	Annual Rent
Main Office	6	September 30, 2018	$49,759

Rent expense was approximately $55,649 and $52,606 for the years ended December 31, 2013 and 2012, respectively.

The future minimum lease payments under noncancellable operating leases with initial or remaining lease terms in excess of one year consisted of the following at December 31, 2013:

2014	$ 50,881
2015	50,881
2016	51,255
2017	52,377
2018	39,283
Total minimum lease payments	$ 244,677

NOTE 11 - OFF-BALANCE SHEET ACTIVITIES

The Credit Union is a party to conditional commitments to lend funds in the normal course of business to meet the financing needs of its members. These commitments represent financial instruments to extend credit which include lines of credit that involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the financial statements.

Standby letters of credit are conditional commitments issued by the Credit Union to guarantee the performance of a member credit union to a third party. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loan facilities to members. Standby letters of credit reduce a member credit union's advised line of credit.

The Credit Union's exposure to credit loss is represented by the contractual notional amount of these instruments. The Credit Union uses the same credit policies in making commitments as it does for loans recorded in the financial statements.

NOTE 11 - OFF-BALANCE SHEET ACTIVITIES (CONTINUED)

At December 31, 2013 and 2012, the Credit Union has outstanding commitments for unused lines of credit that are not reflected in the accompanying financial statements as follows:

	2013	2012
Advised lines of credit - unused	$ 120,934,090	$ 118,130,144
Standby letters of credit - unused	21,655	21,655
Total lines of credit	$ 120,955,745	$ 118,151,799

Commitments to extend credit are agreements to lend to a member as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Credit Union evaluates each member's creditworthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Credit Union upon extension of credit is based on management's credit evaluation of the counterparty. Collateral held generally consists of certificates of deposit and share accounts.

The Credit Union, as agent, entered into an Excess Balance Account (EBA) agreement with participating member credit unions and the Federal Reserve Bank, whereby the Federal Reserve Bank opened EBA accounts for the benefit of the participants at the request of the agent. As such, the balances in the EBA accounts are not reflected in the Credit Union's financial statements. These balances totaled approximately $26,000,000 and $16,000,000 as of December 31, 2013 and 2012, respectively. The aggregate balance in the EBA represents a deposit liability of the Federal Reserve Bank solely to the participants. The Credit Union, as agent, is responsible for calculating and distributing the interest payable to each participant on the participant's excess balance.

NOTE 11 - OFF-BALANCE SHEET ACTIVITIES (CONTINUED)

Legal Contingencies

The Credit Union is a party to various legal actions normally associated with financial institutions, the aggregate effect of which, in management's and legal counsel's opinion, would not be material to the Credit Union's financial condition.

NOTE 12 - PENSION PLAN

The Credit Union sponsors a defined contribution 401(k) pension plan for all eligible employees. All full-time employees with one year of service are eligible, and vesting is graduated over six years. The Credit Union makes matching contributions equal to 100% of the participants first 3% of salary contributed. The Credit Union may also make discretionary contributions at the direction of management. During the years December 31, 2013 and 2012, the amount contributed by the Credit Union and charged to expense was $30,394 and $13,159, respectively.

NOTE 13 - DEFERRED COMPENSATION PLAN

The Credit Union entered into a noncontributory, nonqualified 457(f) Deferred Executive Compensation Plan ("the Plan"), effective as of June 26, 2007. The Plan covers members of executive management and full vesting in the Plan for each participant varies from ten to twelve years from the date of inception. The amounts payable under the Plan are based on the performance of investment products purchased to fund the retirement benefits. The original investment and any unrealized gains or losses remain part of the Credit Union's investments. The Plan was funded with a purchase during 2007 of $2.5 million of investment products, managed by CUNA Mutual Group, and treated as available-for-sale securities.

Any increase in value of the 457(f) Plan asset over the original investment of $2.5 million is recognized as investment income in the accompanying Statements of Comprehensive Income with an offset to deferred compensation liability recognized in the accompanying Statements of Financial Condition and compensation expense recognized in the accompanying Statements of Comprehensive Income.

Any decrease in value of the 457(f) Plan asset below the original investment of $2.5 million is recognized as an unrealized loss which is recognized in the accompanying Statements of Changes in Member's Equity.

In March of 2012, the Credit Union terminated its 457(f) Plan. The original investment of $2.5 million was returned to the Credit Union while the interest earned in the amount of $165,392 was paid out to the participants.

NOTE 14 - REGULATORY CAPITAL

The Credit Union is subject to various regulatory capital requirements administered by the NCUA. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Credit Union's consolidated financial statements. Failure to meet minimum capital requirements would require the Credit Union to submit a plan of action to correct the shortfall. Additionally, NCUA could require an increase in capital to specific levels, reduction of interest, and ceasing or limiting the Credit Union's ability to accept deposits.

New regulations for corporate credit unions that became effective in October 2011 required corporate credit unions to build retained earnings by October 2013 as well as established requirements to meet a leverage ratio (retained earnings, PCC, and unamortized non-perpetual capital divided by the 12-month average of daily net assets ("MDANA")), Tier 1 Risk-Based ratio (retained earnings and PCC adjusted for various items divided by the 12-month moving average of net risk weighted assets ("MMANRA")), and a Total Risk-Based Capital ratio (retained earnings and PCC divided by the 12-month moving average of net risk-weighted assets). The leverage ratio replaced the interim leverage ratio effective October 2013. The Credit Union was also required to meet a minimum 0.45% retained earnings ratio as of October 2013.

The Credit Union's actual and required ratios for December 31, 2013 and 2012 were as follows:

	Actual		To be Adequately Capitalized Under Corrective Action Provisions		To be Well Capitalized Under Corrective Action Provisions	
12/31/2013	Amount	Ratio	Amount	Ratio	Amount	Ratio
Leverage	$7,699,732	5.65%	$5,450,042	4.00%	$6,812,553	5.00%
Tier 1 risk -based capital (Tier 1 core capital to MMANRA)	$7,699,732	30.32%	$1,015,708	4.00%	$1,523,562	6.00%
Total risk-based capital (Total capital to MMANRA)	$8,038,960	31.66%	$2,031,415	8.00%	$2,539,269	10.00%
Retained earnings (Retained earnings to MDANA)	$1,072,128	0.79%	$613,130	0.45%	N/A	N/A

NOTE 14 - REGULATORY CAPITAL (CONTINUED)

	Actual		To be Adequately Capitalized Under Corrective Action Provisions		To be Well Capitalized Under Corrective Action Provisions	
12/31/2012	Amount	Ratio	Amount	Ratio	Amount	Ratio
Interim Leverage	$7,546,670	4.15%	$7,268,259	4.00%	$9,085,324	5.00%
Tier 1 risk -based capital (Tier 1 core capital to MMANRA)	$7,119,587	21.67%	$1,314,371	4.00%	$1,971,556	6.00%
Total risk-based capital (Total capital to MMANRA)	$7,546,670	22.97%	$2,628,742	8.00%	$3,285,927	10.00%
Retained earnings (Retained earnings to MDANA)	$498,938	0.27%	N/A	N/A	N/A	N/A

As of December 31, 2013 and 2012, the Credit Union met all capital requirements under Section 704.3 of the NCUA Regulations.

NOTE 15 - FAIR VALUES OF FINANCIAL INSTRUMENTS

FASB ASC 820, *Fair Value Measurements,* provides a framework for measuring fair value that requires an entity to determine fair value based on exit price in the principal market for the asset or liability being measured. Fair value is defined as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. The guidance also establishes a three level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 asset and liability fair values are based on quoted prices in active markets for identical assets and liabilities.

- Level 2 asset and liability fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets or liabilities.

NOTE 15 - FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

- Level 3 assets and liabilities are financial instruments whose value is calculated by the use of pricing models and/or discounted cash flow methodologies, as well as financial instruments for which the determination of fair value requires significant management judgment or estimation.

Fair Value of Assets and Liabilities Measured on a Recurring Basis

Fair values of assets and liabilities measured on a recurring basis are as follows:

Fair Value Measurement at Reporting Date
($ in thousands)

Description	Balance at 12/31/13	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. government and federal agency securities	$ 71,242	$ -	$ 71,242	$ -
Government agency mortgage backed securities	19,474	-	19,474	-
Corporate debt securities	17,516	-	17,516	-
Mutual fund	3,698	3,698	-	-
Total	$ 111,930	$ 3,698	$ 108,232	$ -

Fair Value Measurement at Reporting Date
($ in thousands)

Description	Balance at 12/31/12	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. government and federal agency	$ 39,971	$ -	$ 39,971	$ -
Government agency mortgage backed securities	84,561	-	84,561	-
Corporate debt securities	785	-	785	-
Mutual fund	3,684	3,684	-	-
Total	$ 129,001	$ 3,684	$ 125,317	$ -

NOTE 15 - FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

There were no securities transferred in or out of level 1, level 2, or level 3 during 2013 or 2012.

The Credit Union has no non-financial assets or non-financial liabilities measured at fair value on a recurring basis. Furthermore, there were no assets or liabilities measured on a nonrecurring basis during 2013 or 2012.

The carrying amounts in the preceding table are included in the accompanying Statements of Financial Condition under the applicable captions.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents: The carrying amounts reported in the Statements of Financial Condition for cash and cash equivalents approximate the fair value of assets.

Loans to Members: The carrying amount of loans receivable approximates fair value for the years ending December 31, 2013 and 2012 due to the short term nature of the loans.

Available-for-Sale Securities: Fair values of available for sale securities are usually based on quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Accrued Interest: The carrying amount of accrued interest approximates fair value for the years ending December 31, 2013 and 2012.

Members' Share Deposits: The fair value of members' shares is determined by discounting the expected cash flows to a present value. The expected cash flows are generated from month-end balances, rates and account characteristics. The discount rates used to calculate the present value are generated from an historical interest rate yield curve.

Off-Balance Sheet Commitments: Fair value of off-balance sheet commitments is equivalent to the total available credit limits granted to members through various line of credit agreements.

NOTE 15 - FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The estimated fair values of the Credit Union's financial instruments, none of which are held for trading purposes, are as follows ($ in thousands):

	December 31, 2013		December 31, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Cash and cash equivalents	$ 12,928	$ 12,928	$ 8,293	$ 8,293
Time and interest bearing deposits	9	9	499	499
Securities available-for-sale	111,930	111,930	129,001	129,001
Loans to members	941	941	45	45
Accrued interest receivable	156	156	63	63
Financial Liabilities:				
Members' shares and share equivalents:				
Daily shares	87,045	87,045	131,776	131,776
Certificates	12,000	11,997	-	-
Paid-in capital shares	37	37	37	37
Capital shares on notice	1,645	1,645	1,784	1,784
Non-perpetual capital	500	500	500	500
Line of credit	21,000	21,000	-	-
Off-Balance-Sheet Credit Related Financial Instruments:				
Commitments to extend credit	-	120,956	-	118,152

NOTE 16 – FEDERAL RESERVE BANK COLLATERAL

To cover potential negative intraday balances at the Federal Reserve Bank, the Credit Union was required to maintain a certain amount of collateral as determined by the Federal Reserve Bank of Atlanta. In 2012, the Credit Union pledged as collateral investment securities with an estimated fair value of $1,000,000. These securities were in safekeeping at the Federal Reserve Bank of Atlanta. On April 1, 2013, the Federal Reserve Bank waived this collateral requirement.

NOTE 17 – CONCENTRATIONS OF CREDIT RISK

The Credit Union's members consist of state and federal credit unions located in the State of Louisiana. There were five member credit unions that constitute 32% and 36% of member shares as of December 31, 2013 and 2012, respectively.

SUPPLEMENTAL INFORMATION

LOUISIANA CORPORATE CREDIT UNION
SCHEDULES OF NON-INTEREST INCOME
For the Years Ended December 31, 2013 and 2012

	2013	2012
Service fees	$ 662,578	$ 597,234
Settlement of lawsuit	575,577	-
Gain on sale of securities, available for sale	39,230	3,585
Miscellaneous	15,823	240,234
Total non-interest income	$ 1,293,208	$ 841,053

LOUISIANA CORPORATE CREDIT UNION
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
For the Years Ended December 31, 2013 and 2012

	2013	2012
Compensation and benefits	$ 685,569	$ 739,285
Professional and outside services	605,300	616,716
Office operations and occupancy	115,192	112,156
Other-than-temporary impairment of securities	51,294	8,395
NCUSIF stabilization expense	13,086	27,393
Administrative expenses	61,486	71,915
	$ 1,531,927	$ 1,575,860