

## Dividend Update

The Board of Directors declared the following dividends for the period of January 1 to March 31, 2008. Dividends were posted to your account on April 1, 2008.

	<u>APY*</u>
<b>Regular Share Account:</b> \$100+	0.50%
<b>Student Savings Account:</b> \$1+	0.65%
<b>Association Savings Account:</b> \$100+	0.70%
<b>IRA Savings Account:</b> \$5+	0.75%
<b>Super Savers Account:</b> \$500+	0.50%
<b>Super Savers &amp; 1 eligible elective</b>	1.50%**
<b>Super Savers &amp; 2 eligible electives</b>	2.50%**
<b>Super Savers &amp; 3 eligible electives</b>	3.50%**
<b>Super Savers &amp; 4 eligible electives</b>	4.50%**
<b>Super Savers &amp; 5 eligible electives</b>	5.50%**

The Board of Directors declares dividends for the quarter at the end of each quarter. The anticipated dividends for 2<sup>nd</sup> Quarter, the period of April 1 to June 30, 2008, are as follows:

	<u>APY*</u>
<b>Regular Share Account:</b> \$100+	0.50%
<b>Student Savings Account:</b> \$1+	0.65%
<b>Association Savings Account:</b> \$100+	0.70%
<b>IRA Savings Account:</b> \$5+	0.75%
<b>Super Savers Account:</b> \$500+	0.50%
<b>Super Savers &amp; 1 eligible elective</b>	1.15%**
<b>Super Savers &amp; 2 eligible electives</b>	1.80%**
<b>Super Savers &amp; 3 eligible electives</b>	2.45%**
<b>Super Savers &amp; 4 eligible electives</b>	3.10%**
<b>Super Savers &amp; 5 eligible electives</b>	3.75%**

Dividends for 2<sup>nd</sup> Quarter 2008 will be declared at the June Board Meeting and will post to your account on July 1, 2008.

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Regulations prohibit paying dividends in excess of available earnings. The Board of Directors declares rates on a quarterly basis. All rates are correct at time of publication. Rates are subject to change without notice. A minimum opening deposit is required. \*APY=Annual Percentage Yield. \*\*Based on use of qualifying electives. Please see your Truth-in-Savings Agreement for complete details. 04/08

## Declining Interest Rates and the Impact to Members of First Financial

The Federal Reserve aggressively lowered its target rate over the past 7 months. During this period, the Fed's target rate fell by a surprisingly high 3.00%.

While the decrease in interest rates helped many borrowers, it also lowered most deposit rates. In fact, most banks and credit unions lowered certificate yields in 4<sup>th</sup> Quarter 2007 and continued in 2008.

By the end of March, the average yield on certificates offered by banks and credit unions in Southern California fell by over 1.50% (as verified by an independent, third-party research firm) from September 2007 levels, with the average certificate yield for one year or less falling to 2.97% or lower.

Even so, First Financial's Super Savers members still enjoyed yields up to 5.50% APY. First Financial's Board of Directors held the Super Savers yields at the same levels through 1<sup>st</sup> Quarter of 2008, choosing to retain high deposit yields for members on this variable-rate account even as FFCU's loan rates fell.

With the Federal Reserve's 3.00% decrease in its target rate pushing down FFCU's variable-loan rates, your Board determined that deposit yields must adjust as well. The Board anticipates that the yields for 2<sup>nd</sup> Quarter on Super Savers will be lowered (see reverse side for details and anticipated yields) when the Board declares 2<sup>nd</sup> Quarter yields in June.

This top Super Savers yield remains well above most other institutions' certificate yields. Plus, members with Super Savers still enjoy the flexibility of liquid funds (the ability to add or remove money from the account without an "early withdrawal" penalty).

Fluctuating rate markets impact borrowers and savers. In all types of rate environments, FFCU will continue to help members get the most for their money.