



Director's Comments

Suzanne T. Cowan, Director

This bulletin highlights the 2005 mid-year financial trends for Wisconsin's 282 state-chartered credit unions. The analysis is based on data compiled from the June 2005 call reports. This information is provided to keep you informed of current conditions and trends in the Wisconsin credit union industry.

Wisconsin credit unions grew \$714.8 million during the first half of 2005. This is a 5.2% increase in the assets held by Wisconsin credit unions. However, about \$50 million of that growth is due to out-of-state credit unions that have been merged into Wisconsin credit unions. Total assets as of June 30, 2005 were \$14.4 billion.

The net worth ratio remained strong at 11.05% and delinquency was down slightly to .89% of loans. The return on assets was 1.04% but 18 basis points of that amount was due to the PULSE refund so the true net operating income was 0.85% compared to 0.89% in June, 2004.

Loans outstanding grew by 5.8% and savings grew by 4.8% so the loan to savings ratio improved to 94.6% for all Wisconsin credit unions.

The financial indicators for Wisconsin's state-chartered credit unions continue to reflect sound financial performance.

Examiner Update

Femi Ibitoye rejoined OCU in January after spending time at NCUA. He is based in Milwaukee.

Jamie Wadlington replaced Joan Greider who retired. Jamie is also based in the Milwaukee territory.

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Scams, Phishing and Pharming

OCU continues to receive calls from credit union members who have been scammed by internet sales/cash back schemes that use counterfeit cashier's checks or money orders. Please alert your front-line personnel to these scams so they can advise members to be cautious. Many times OCU was told by the member that "the teller said a cashiers check was always good"-- which obviously is not the case.

Phishing and pharming attacks are prevalent among all financial institutions. Several federal regulators were drawn into phishing attacks when bogus emails using FDIC, OTS and NCUA logos were sent out to millions of people. CUNA's logo was also used in an attack. Industry experts encourage credit unions and other financial institutions to place disclaimers on their websites telling their members that they will never ask for personal identifying information via email or over the phone.

Pharming is a new twist that is very difficult to uncover. The actual URL is compromised so that when a user tries to access the website, they are diverted to the phony site. Mark Schultze, OCU Information Systems Examiner suggests that credit unions frequently and routinely monitor their websites to be sure their

Anti-Money Laundering Regulations

All credit unions are required to comply with anti-money laundering regulations including:

- ❖ Bank Secrecy Act (BSA)
- ❖ USA Patriot Act (including Customer Identification Program (CIP))
- ❖ Office of Foreign Assets Control (OFAC)

The National Credit Union Administration (NCUA) and the Office of Credit Unions (OCU) are closely reviewing compliance with these regulations. Examiners will review BSA, CIP, and OFAC policies, procedures and practices. Violations will be noted in the examination report and will require immediate corrective actions. The Board of Directors is responsible to ensure that these regulations are being adhered to.

Each Wisconsin credit union, regardless of size or complexity, is required to maintain a **written** BSA compliance program as required per Part 741.214 and Part 748 of NCUA Rules & Regulations. Credit unions must establish and maintain a program that includes:

- A system of internal controls;
- Designation of an individual to coordinate/monitor BSA compliance;
- Independent testing;
- Training of appropriate personnel.

One of the requirements of Part 748.2 is that a Customer Identification Program (CIP) is required to be implemented as part of the BSA compliance program. The written CIP program must be approved by the Board and be tailored to the credit union's size, location and type of business.

It is recommended that the Board, audit committee and staff review their credit unions internal policies, procedures and practices to ensure compliance with these regulations. There are numerous resources available to assist with compliance to the anti-money laundering regulations. In June 2005, the Federal Financial Institutions Examination Council (FFIEC) released the Bank Secrecy Act/Anti-Money Laundering Examination Manual. In addition, the NCUA has information on their website (www.ncua.gov). If questions arise, you may also contact OCU at (608) 261-9543.

Overdraft Protection (Bounce Protection) Programs

Recently, the NCUA joined with the other federal banking regulators and issued “best practices” guidance regarding bounce protection programs and communication with members. Credit unions that offer these overdraft programs should be aware of these “best practices” and establish consistent practices for the operation of bounce protection programs and handling members that find it difficult to manage accounts. If third party vendors are used to offer bounce protection, due diligence is required.

Credit union are encouraged to closely review the “best practices” guidance and implement appropriate polices and procedures. For additional information, please refer to NCUA Letter to Credit Unions No. 05-CU-03 and Wisconsin Credit Union League ii Release No. 0169.

NCUA Risk Alerts

NCUA has recently issued two risk alerts that should be carefully read by credit unions. The alerts are titled Raising Consumer Awareness of Phishing Schemes and Specialized Lending Activities—Third-Party Subprime Indirect Lending and Participations.

**COMPARISON STATEMENTS OF CONDITION
OF WISCONSIN CREDIT UNIONS
JUNE 30, 2005 and DECEMBER 31, 2004**

	<u>June 30, 2005</u>		<u>December 31, 2004</u>		Increase or Decrease	<u>% Change</u>
<u>Number of Credit Unions</u>	282		287		-5	-1.7%
	<u>AMOUNT</u>	<u>% OF ASSETS</u>	<u>AMOUNT</u>	<u>% OF ASSETS</u>		
<u>Assets</u>						
Personal Loans	4,694,794,375	32.6%	4,539,182,341	33.2%	155,612,034	3.4%
Real Estate Loans	<u>6,749,112,370</u>	46.9%	<u>6,281,338,361</u>	45.9%	<u>467,774,009</u>	7.4%
Total Loans	11,443,906,745	79.5%	10,820,520,702	79.1%	623,386,043	5.8%
Allowance for Loan Losses	<u>77,363,977</u>	0.5%	<u>68,481,751</u>	0.5%	<u>8,882,226</u>	13.0%
Net Loans	11,366,542,768	78.9%	10,752,038,951	78.6%	614,503,817	5.7%
Cash	627,804,967	4.4%	645,983,634	4.7%	-18,178,667	-2.8%
Investments	1,562,225,339	10.8%	1,573,192,038	11.5%	-10,966,699	-0.7%
Fixed Assets	393,106,918	2.7%	370,975,325	2.7%	22,131,593	6.0%
Other Assets	<u>449,524,353</u>	3.1%	<u>342,231,584</u>	2.5%	<u>107,292,769</u>	31.4%
TOTAL ASSETS	<u><u>14,399,204,345</u></u>	100.0%	<u><u>13,684,421,532</u></u>	100.0%	<u><u>714,782,813</u></u>	5.2%
<u>Liabilities</u>						
Regular Shares	3,742,118,462	26.0%	3,499,399,946	25.6%	242,718,516	6.9%
Share Drafts	1,609,894,447	11.2%	1,641,890,248	12.0%	-31,995,801	-1.9%
Other Shares & Deposits	<u>6,802,484,990</u>	47.2%	<u>6,461,321,021</u>	47.2%	<u>341,163,969</u>	5.3%
Total Savings	12,154,497,899	84.4%	11,602,611,215	84.8%	551,886,684	4.8%
Notes and Accounts Pay.	657,976,661	4.6%	569,191,735	4.2%	88,784,926	15.6%
Regular Reserve	614,151,480	4.3%	607,469,019	4.4%	6,682,461	1.1%
Other Reserves	<u>972,578,305</u>	6.8%	<u>905,149,563</u>	6.6%	<u>67,428,742</u>	7.4%
TOTAL LIABILITIES	<u><u>14,399,204,345</u></u>	100.0%	<u><u>13,684,421,532</u></u>	100.0%	<u><u>714,782,813</u></u>	5.2%

Please note: small statistical errors may exist due to rounding.

**STATEMENT OF INCOME
FOR WISCONSIN CREDIT UNIONS
FOR THE PERIOD ENDING JUNE 30, 2005**

	AMOUNT	% OF GROSS INCOME	% OF AVERAGE ASSETS
INCOME			
Interest on Loans	325,899,221	74.14%	4.64%
Less: Interest Refunds	<u>26,056</u>	0.01%	0.00%
Net Interest Income	325,873,165	74.13%	4.64%
Income on Investments	30,994,758	7.05%	0.44%
Other Income	<u>82,703,917</u>	18.81%	1.18%
TOTAL OPERATING INCOME	439,571,840	100.00%	6.26%
ADMINISTRATIVE EXPENSES			
Employee Costs	133,655,598	30.41%	1.90%
Travel and Conference	3,411,908	0.78%	0.05%
Office Occupancy	17,118,839	3.89%	0.24%
General Operations	48,405,453	11.01%	0.69%
Education and Promotion	10,188,924	2.32%	0.15%
Loan Servicing	15,675,889	3.57%	0.22%
Professional Services	16,185,461	3.68%	0.23%
Member Insurance	1,363,699	0.31%	0.02%
Operating Fees	1,015,146	0.23%	0.01%
Other Operational Expenses	<u>5,643,508</u>	1.28%	0.08%
TOTAL ADMINISTRATIVE	252,664,425	57.48%	3.60%
Provision for Loan Loss	<u>19,212,870</u>	4.37%	0.27%
TOTAL OPERATING EXPENSES	271,877,295	61.85%	3.87%
COST OF ACQUISITION OF FUNDS			
Dividends Paid on Savings	99,468,304	22.63%	1.42%
Interest on Borrowed Funds	<u>8,273,396</u>	1.88%	0.12%
TOTAL COST OF FUNDS	<u>107,741,700</u>	24.51%	1.53%
TOTAL EXPENSES	379,618,995	86.36%	5.41%
NET OPERATING INCOME	59,952,845	13.64%	0.85%
NON-OPERATING INCOME	<u>13,138,092</u>	2.99%	0.19%
NET INCOME	73,090,937	16.63%	1.04%

Please note: small statistical errors may exist due to rounding.

**COMPARISON STATEMENTS OF INCOME
FOR WISCONSIN CREDIT UNIONS
FOR THE PERIODS ENDING JUNE 30, 2005 AND JUNE 30, 2004**

	2005	% OF AVERAGE ASSETS	2004	% OF AVERAGE ASSETS
	<u>AMOUNT</u>		<u>AMOUNT</u>	
INCOME				
Interest on Loans	325,899,221	4.64%	290,302,070	4.43%
Less: Interest Refunds	26,056	0.00%	27,799	0.00%
Net Interest Income	325,873,165	4.64%	290,274,271	4.43%
Income on Investments	30,994,758	0.44%	27,343,282	0.42%
Other Income	82,703,917	1.18%	75,742,997	1.16%
TOTAL OPERATING INCOME	439,571,840	6.26%	393,360,550	6.01%
ADMINISTRATIVE EXPENSES				
Employee Costs	133,655,598	1.90%	124,621,952	1.90%
Travel and Conference	3,411,908	0.05%	3,107,989	0.05%
Office Occupancy	17,118,839	0.24%	15,016,583	0.23%
General Operations	48,405,453	0.69%	45,420,019	0.69%
Education and Promotion	10,188,924	0.15%	8,794,145	0.13%
Loan Servicing	15,675,889	0.22%	14,397,541	0.22%
Professional Services	16,185,461	0.23%	14,475,827	0.22%
Member Insurance	1,363,699	0.02%	1,651,731	0.03%
Operating Fees	1,015,146	0.01%	964,881	0.01%
Other Operational Expenses	5,643,508	0.08%	5,262,335	0.08%
TOTAL ADMINISTRATIVE	252,664,425	3.60%	233,713,003	3.57%
Provision for Loan Loss	19,212,870	0.27%	16,518,186	0.25%
TOTAL OPERATING EXPENSES	271,877,295	3.87%	250,231,189	3.82%
COST OF ACQUISITION OF FUNDS				
Dividends Paid on Savings	99,468,304	1.42%	80,135,703	1.22%
Interest on Borrowed Funds	8,273,396	0.12%	4,611,244	0.07%
TOTAL COST OF FUNDS	107,741,700	1.53%	84,746,947	1.29%
TOTAL EXPENSES	379,618,995	5.41%	334,978,136	5.11%
NET OPERATING INCOME	59,952,845	0.85%	58,382,414	0.89%
NON-OPERATING INCOME	13,138,092	0.19%	1,688,580	0.03%
NET INCOME	73,090,937	1.04%	60,070,994	0.92%

Please note: small statistical errors may exist due to rounding.

**SIGNIFICANT OPERATIONAL RATIOS
FOR THE PERIOD ENDING JUNE 30, 2005**

Peer Groups by Assets	<\$500,000	\$ 500,001- \$2,000,000	\$ 2,000,001- \$10,000,000	\$10,000,001- \$50,000,000	>\$50,000,000	TOTAL
Number of Credit Unions	17	40	71	99	55	282
CAPITAL ADEQUACY						
Net Worth/Total Assets	20.07%	17.75%	14.99%	12.57%	10.59%	11.05%
Total Delinquency/Net Worth	9.00%	7.80%	7.09%	6.21%	6.45%	6.44%
Solvency Evaluation	125.23%	121.68%	117.74%	114.71%	112.54%	113.05%
Classified Assets/Net Worth	9.63%	6.35%	4.31%	4.05%	5.07%	4.86%
ASSET QUALITY						
Delinquent Loans/Loans	3.40%	2.18%	1.66%	1.07%	0.84%	0.89%
Net Charge Offs/Avg. Loans*	4.47%	0.27%	0.22%	0.32%	0.25%	0.26%
EARNINGS (to Average Assets)						
Return on Average Assets*	0.44%	0.45%	0.79%	0.80%	1.10%	1.04%
Net Operating Expense*	4.05%	3.21%	3.11%	3.37%	2.74%	2.85%
Fixed Assets+FRA's**/Assets	0.42%	0.32%	1.53%	2.92%	2.74%	2.73%
Gross Income*	5.17%	4.91%	5.35%	6.05%	6.34%	6.26%
Cost of Funds*	0.85%	0.96%	1.02%	1.16%	1.63%	1.53%
Operating Exp. (less PLL)*	4.08%	3.29%	3.45%	4.02%	3.52%	3.60%
Net Interest Margin*	4.23%	3.81%	3.84%	3.95%	3.46%	3.55%
PLL*	1.34%	0.22%	0.18%	0.28%	0.28%	0.27%
ASSET-LIABILITY MANAGEMENT						
Net Long Term Assets/Assets	1.20%	3.48%	12.76%	13.82%	26.15%	23.73%
Shares/Savings+Borrowings	99.31%	86.13%	68.49%	45.81%	25.28%	29.80%
Loans/Savings	66.78%	77.81%	75.56%	85.67%	97.06%	94.57%
Loans/Assets	53.13%	63.48%	63.84%	73.15%	81.30%	79.48%
Cash + ST Invest./Assets	41.42%	28.81%	24.65%	15.16%	7.07%	8.91%
Shares + Drafts/Savings+Borrowings	99.31%	87.34%	75.55%	59.24%	37.62%	42.16%
OTHER RATIOS						
Savings Growth*	9.58%	1.14%	0.45%	4.42%	10.91%	9.51%
Net Worth Growth*	0.80%	2.39%	5.35%	6.31%	11.01%	9.88%
Loan Growth*	-7.68%	6.55%	3.18%	6.82%	12.63%	11.52%
Asset Growth*	8.20%	1.52%	0.65%	5.71%	11.78%	10.45%
Investments/Assets	47.30%	35.67%	32.53%	19.50%	12.21%	13.98%
Employee Cost/Gross Inc.	27.72%	34.20%	34.54%	33.41%	29.70%	30.41%
Employee Cost/ Avg. Assets*	1.43%	1.68%	1.85%	2.02%	1.88%	1.90%
Average Loan Balance	\$4,987	\$6,573	\$8,501	\$9,082	\$10,572	\$10,252
Average Savings Balance	\$1,299	\$2,056	\$2,477	\$2,662	\$3,472	\$3,267

*Ratios are annualized

**Foreclosed and Repossessed Assets

Please note: small statistical errors may exist due to rounding.

**SIGNIFICANT OPERATIONAL RATIOS
FOR ALL WISCONSIN CREDIT UNIONS
2000-2005**

	2000	2001	2002	2003	2004	2005
Number of Credit Unions	340	326	308	298	287	282
CAPITAL ADEQUACY						
Net Worth/Total Assets	11.10%	10.69%	10.82%	10.90%	11.08%	11.05%
Total Delinquency/Net Worth	7.15%	7.96%	7.46%	7.28%	6.38%	6.44%
Solvency Evaluation	112.79%	112.22%	112.48%	112.62%	113.04%	113.05%
Classified Assets/Net Worth	4.27%	4.42%	4.49%	4.62%	4.52%	4.86%
ASSET QUALITY						
Delinquent Loans/Loans	0.97%	1.09%	1.10%	1.05%	0.89%	0.89%
Net Charge Offs/Avg. Loans	0.24%	0.26%	0.29%	0.31%	0.30%	0.26%
EARNINGS (to Average Assets)						
Return on Average Assets	0.91%	0.90%	1.19%	1.07%	0.94%	1.04%
Net Operating Expense	3.14%	3.02%	2.91%	2.88%	2.80%	2.85%
Fixed Assets+FRA's**/Assets	2.63%	2.49%	2.49%	2.54%	2.71%	2.73%
Gross Income	8.50%	8.35%	7.36%	6.67%	6.09%	6.26%
Cost of Funds	3.62%	3.41%	2.20%	1.61%	1.32%	1.53%
Operating Exp. (less PLL)	3.75%	3.77%	3.71%	3.72%	3.58%	3.60%
Net Interest Margin	3.91%	3.74%	3.89%	3.65%	3.60%	3.55%
PLL	0.23%	0.26%	0.28%	0.29%	0.27%	0.27%
ASSET-LIABILITY MANAGEMENT						
Net Long Term Assets/Assets	20.66%	22.05%	19.91%	24.44%	26.41%	23.73%
Shares/Savings+Borrowings	29.63%	29.21%	29.89%	30.20%	29.28%	29.80%
Loans/Savings	94.86%	88.84%	84.25%	87.62%	93.49%	94.57%
Loans/Assets	82.18%	77.79%	73.14%	75.49%	79.07%	79.48%
Cash + ST Invest./Assets	14.96%	13.61%	14.50%	11.55%	9.14%	8.91%
OTHER RATIOS						
Savings Growth	7.65%	14.54%	9.56%	8.74%	5.26%	9.51%
Net Worth Growth	8.51%	8.30%	11.46%	10.31%	8.92%	9.88%
Loan Growth	12.08%	7.58%	3.98%	13.01%	12.23%	11.52%
Asset Growth	7.88%	13.29%	10.45%	9.49%	7.14%	10.45%
Investments/Assets	12.53%	17.06%	19.02%	18.69%	15.08%	13.98%
Employee Cost/Gross Inc.	22.73%	23.53%	26.61%	29.77%	31.35%	30.41%
Employee Cost/ Avg. Assets	1.93%	1.96%	1.96%	1.98%	1.91%	1.90%
Average Loan Balance	\$7,693	\$8,258	\$8,507	\$9,314	\$10,003	\$10,252
Average Savings Balance	\$2,443	\$2,718	\$2,908	\$3,112	\$3,209	\$3,267

***Foreclosed and Repossessed Assets
Ratios are annualized for 2005.*

Please note: small statistical errors may exist due to rounding.

**ANALYSIS OF INCOME AND EXPENSES TO GROSS INCOME
FOR THE PERIOD ENDING JUNE 30, 2005**

Peer Groups by Assets	<\$500,000	\$ 500,001- \$2,000,000	\$ 2,000,001- \$10,000,000	\$10,000,001- \$50,000,000	>\$50,000,000	TOTAL
Number of Credit Unions	17	40	71	99	55	282
OPERATING INCOME						
Interest on Loans	80.93%	80.21%	74.52%	75.00%	73.94%	74.14%
Less: Interest Refunds	0.00%	0.00%	0.04%	0.02%	0.00%	0.01%
Income on Investments	17.29%	16.84%	16.34%	9.45%	6.30%	7.05%
Income on Trading Securities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fee Income	0.64%	1.65%	6.37%	10.74%	12.35%	11.93%
Other Operating Income	<u>1.14%</u>	<u>1.30%</u>	<u>2.82%</u>	<u>4.83%</u>	<u>7.41%</u>	<u>6.88%</u>
TOTAL INCOME	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
OPERATING EXPENSES						
Employee Costs	27.72%	34.20%	34.54%	33.41%	29.70%	30.41%
Travel and Conference	1.34%	1.14%	0.91%	1.02%	0.72%	0.78%
Office Occupancy	0.63%	2.69%	3.76%	4.71%	3.74%	3.89%
General Operations	21.83%	13.96%	13.27%	12.97%	10.56%	11.01%
Education and Promotion	0.19%	0.39%	1.00%	2.28%	2.37%	2.32%
Loan Servicing	2.09%	1.18%	1.47%	3.54%	3.63%	3.57%
Professional Services	6.62%	2.67%	4.06%	5.51%	3.32%	3.68%
Member Insurance	11.90%	4.66%	1.82%	0.59%	0.20%	0.31%
Operating Fees	1.33%	0.93%	0.48%	0.31%	0.21%	0.23%
Miscellaneous	<u>5.23%</u>	<u>5.22%</u>	<u>3.11%</u>	<u>2.00%</u>	<u>1.08%</u>	<u>1.28%</u>
TOTAL ADMINISTRATIVE	78.88%	67.06%	64.42%	66.35%	55.52%	57.48%
Provision for Loan Loss	<u>25.96%</u>	<u>4.44%</u>	<u>3.41%</u>	<u>4.57%</u>	<u>4.35%</u>	<u>4.37%</u>
TOTAL OPERATING EXP.	104.84%	71.50%	67.82%	70.93%	59.87%	61.85%
COST OF FUNDS						
Interest on Borrowed Funds	0.00%	0.03%	0.14%	0.52%	2.20%	1.88%
Dividends on Savings	<u>16.44%</u>	<u>19.45%</u>	<u>18.99%</u>	<u>18.65%</u>	<u>23.51%</u>	<u>22.63%</u>
TOTAL COST OF FUNDS	16.44%	19.47%	19.13%	19.17%	25.71%	24.51%
NET INCOME FROM OPERATIONS	-21.28%	9.03%	13.05%	9.90%	14.41%	13.64%
NON-OPERATING GAIN/LOSS	<u>29.75%</u>	<u>0.11%</u>	<u>1.62%</u>	<u>3.24%</u>	<u>2.98%</u>	<u>2.99%</u>
ADJUSTED NET INCOME	8.47%	9.14%	14.68%	13.14%	17.39%	16.63%

Please note: small statistical errors may exist due to rounding.

**ANALYSIS OF INCOME AND EXPENSES TO AVERAGE ASSETS
FOR THE PERIOD ENDING JUNE 30, 2005**

Peer Groups by Assets	<\$500,000	\$ 500,001- \$2,000,000	\$ 2,000,001- \$10,000,000	\$10,000,001- \$50,000,000	>\$50,000,000	TOTAL
Number of Credit Unions	17	40	71	99	55	282
OPERATING INCOME						
Interest on Loans	4.18%	3.94%	3.99%	4.54%	4.69%	4.64%
Less: Interest Refunds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income on Investments	0.89%	0.83%	0.87%	0.57%	0.40%	0.44%
Income on Trading Securities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fee Income	0.03%	0.08%	0.34%	0.65%	0.78%	0.75%
Other Operating Income	<u>0.06%</u>	<u>0.06%</u>	<u>0.15%</u>	<u>0.29%</u>	<u>0.47%</u>	<u>0.43%</u>
TOTAL INCOME	5.17%	4.91%	5.35%	6.05%	6.34%	6.26%
OPERATING EXPENSES						
Employee Costs	1.43%	1.68%	1.85%	2.02%	1.88%	1.90%
Travel and Conference	0.07%	0.06%	0.05%	0.06%	0.05%	0.05%
Office Occupancy	0.03%	0.13%	0.20%	0.28%	0.24%	0.24%
General Operations	1.13%	0.69%	0.71%	0.79%	0.67%	0.69%
Education and Promotion	0.01%	0.02%	0.05%	0.14%	0.15%	0.15%
Loan Servicing	0.11%	0.06%	0.08%	0.21%	0.23%	0.22%
Professional Services	0.34%	0.13%	0.22%	0.33%	0.21%	0.23%
Member Insurance	0.62%	0.23%	0.10%	0.04%	0.01%	0.02%
Operating Fees	0.07%	0.05%	0.03%	0.02%	0.01%	0.01%
Miscellaneous	<u>0.27%</u>	<u>0.26%</u>	<u>0.17%</u>	<u>0.12%</u>	<u>0.07%</u>	<u>0.08%</u>
TOTAL ADMINISTRATIVE	4.08%	3.29%	3.45%	4.02%	3.52%	3.60%
Provision for Loan Loss	<u>1.34%</u>	<u>0.22%</u>	<u>0.18%</u>	<u>0.28%</u>	<u>0.28%</u>	<u>0.27%</u>
TOTAL OPERATING EXP.	5.42%	3.51%	3.63%	4.29%	3.79%	3.87%
COST OF FUNDS						
Interest on Borrowed Funds	0.00%	0.00%	0.01%	0.03%	0.14%	0.12%
Dividends on Savings	<u>0.85%</u>	<u>0.96%</u>	<u>1.02%</u>	<u>1.13%</u>	<u>1.49%</u>	<u>1.42%</u>
TOTAL COST OF FUNDS	0.85%	0.96%	1.02%	1.16%	1.63%	1.53%
NET INCOME FROM OPERATIONS	-1.10%	0.44%	0.70%	0.60%	0.91%	0.85%
NON-OPERATING GAIN/LOSS	<u>1.54%</u>	<u>0.01%</u>	<u>0.09%</u>	<u>0.20%</u>	<u>0.19%</u>	<u>0.19%</u>
ADJUSTED NET INCOME	0.44%	0.45%	0.79%	0.80%	1.10%	1.04%

*Ratios are annualized

Please note: small statistical errors may exist due to rounding.

**LOAN DELINQUENCY
PERIOD ENDING JUNE 30, 2005**

Peer Groups by Assets	<\$500,000	\$ 500,001- \$2,000,000	\$ 2,000,001- \$10,000,000	\$10,000,001- \$50,000,000	>\$50,000,000	TOTAL
Number of Credit Unions	17	40	71	99	55	282
Loan Delinquency Ratios						
2 - 6 Months Delinquent	2.13%	1.39%	1.00%	0.66%	0.51%	0.54%
6 - 12 Months Delinquent	0.47%	0.41%	0.39%	0.27%	0.22%	0.23%
Over 12 Months Delinquent	<u>0.80%</u>	<u>0.38%</u>	<u>0.28%</u>	<u>0.13%</u>	<u>0.11%</u>	<u>0.12%</u>
Total Delinquent Loans	3.40%	2.18%	1.66%	1.07%	0.84%	0.89%
Loan Loss Ratio	4.47%	0.27%	0.22%	0.32%	0.25%	0.26%

**ANALYSIS OF LOANS BY TYPE
PERIOD ENDING JUNE 30, 2005**

Number of Credit Unions	17	40	71	99	55	282
Loan Types						
Credit Card Loans	0.00%	0.07%	0.77%	2.19%	3.16%	2.96%
Unsecured Loans	8.89%	9.84%	6.32%	3.04%	1.83%	2.12%
New Auto Loans	23.59%	23.87%	14.29%	9.71%	7.06%	7.65%
Used Auto Loans	54.90%	43.08%	31.73%	25.68%	17.88%	19.40%
First Mortgages	0.00%	7.31%	25.49%	36.73%	41.69%	40.53%
Other Real Estate	0.00%	9.17%	14.04%	14.43%	19.31%	18.45%
Leases	0.00%	0.00%	0.05%	0.02%	0.13%	0.11%
All Other Loans	<u>12.62%</u>	<u>6.66%</u>	<u>7.32%</u>	<u>8.20%</u>	<u>8.94%</u>	<u>8.79%</u>
Total Loans	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Real Estate Loan Detail (as a percent of loans)						
First Mortgage - Fixed > 15 yrs.	0.00%	0.00%	3.69%	2.90%	2.46%	2.55%
First Mortgage - Fixed - 15 yrs. Or less	0.00%	2.12%	10.67%	6.64%	9.87%	9.38%
First Mortgage - Balloon/Hybrid - > 5 yrs.	0.00%	0.43%	1.96%	2.02%	3.58%	3.31%
First Mortgage - Balloon/Hybrid - 5 yrs. Or less	0.00%	3.22%	7.65%	15.52%	12.05%	12.46%
First Mortgage - Other Fixed Rate	0.00%	0.68%	0.70%	1.42%	0.39%	0.55%
First Mortgage - Adjustable - 1 year or less	0.00%	0.00%	0.12%	2.15%	4.86%	4.34%
First Mortgage - Adjustable - > 1 year	0.00%	0.86%	0.69%	6.08%	8.49%	7.95%
Other - Closed End Fixed	0.00%	4.11%	10.57%	7.22%	7.10%	7.17%
Other - Closed End Adjustable	0.00%	1.86%	1.50%	2.16%	0.62%	0.87%
Other - Open End Adjustable	0.00%	0.47%	1.56%	4.50%	11.51%	10.23%
Other - Open-End Fixed	0.00%	0.00%	0.37%	0.04%	0.04%	0.05%
Other	0.00%	2.73%	0.04%	0.51%	0.05%	0.12%
Total Real Estate (as a percent of loans)	0.00%	16.48%	39.53%	51.15%	61.01%	58.98%
Total Real Estate (as a percent of assets)	0.00%	10.46%	25.23%	37.42%	49.60%	46.87%

*This page does not include loans Held for Sale

Please note: small statistical errors may exist due to rounding.

**ANALYSIS OF SAVINGS BY TYPE
PERIOD ENDING JUNE 30, 2005**

Peer Groups by Assets	<\$500,000	\$ 500,001- \$2,000,000	\$ 2,000,001- \$10,000,000	\$10,000,001- \$50,000,000	>\$50,000,000	TOTAL
Number of Credit Unions	17	40	71	99	55	282
Share Drafts	0.00%	1.47%	7.53%	13.77%	13.36%	13.25%
Regular Shares	99.55%	86.13%	68.14%	46.47%	26.20%	30.79%
Money Market Shares	0.00%	1.91%	3.68%	9.97%	22.93%	20.24%
Share Certificates	0.45%	8.11%	15.90%	22.20%	29.44%	27.83%
IRA Accounts	0.00%	1.76%	4.27%	7.40%	7.16%	7.11%
All Other Shares	<u>0.00%</u>	<u>0.62%</u>	<u>0.49%</u>	<u>0.19%</u>	<u>0.91%</u>	<u>0.78%</u>
Total Shares	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**ANALYSIS OF INVESTMENTS BY TYPE
PERIOD ENDING JUNE 30, 2005**

Peer Groups by Assets	<\$500,000	\$ 500,001- \$2,000,000	\$ 2,000,001- \$10,000,000	\$10,000,001- \$50,000,000	>\$50,000,000	TOTAL
Number of Credit Unions	17	40	71	99	55	282
U.S. Government Obligations	0.00%	1.01%	0.00%	2.14%	0.05%	0.50%
Federal Agency Securities	0.00%	0.00%	0.83%	10.52%	47.02%	36.63%
Mutual Funds & Common Trust	13.02%	0.52%	0.02%	0.63%	2.80%	2.19%
Corporate Credit Unions	41.98%	20.23%	22.34%	24.17%	25.45%	25.00%
Commercial Banks, S&L's, and Mutual Savings Banks	39.87%	49.62%	64.29%	56.49%	15.47%	26.90%
Credit Unions	2.59%	26.24%	7.74%	4.97%	0.83%	2.17%
Other Investments	2.55%	2.38%	4.79%	1.07%	8.39%	6.61%
Total Investments	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Please note: small statistical errors may exist due to rounding.