



Director's Comments

Suzanne T. Cowan, Director

This bulletin highlights the 2006 mid-year financial trends for Wisconsin's 273 state-chartered credit unions. The analysis is based on data compiled from the June 2006 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 \$639 million during the first half of 2006. This is a 4.3% increase in the assets held by Wisconsin credit unions. Total assets as of June 30, 2006 were \$15.4 billion.

The net worth ratio remained strong at 10.98% and delinquency was up slightly to 0.95% of loans. The return on assets was 0.67% compared to 1.04% in June 2005. Net interest margins continue to be extremely tight so credit unions must be vigilant in their control of expenses.

Loans outstanding grew by \$431 million and savings grew by \$587 million. The loan to savings ratio continues to be very high at 96% for all Wisconsin credit unions.

The financial indicators for Wisconsin's state-chartered credit unions continue to reflect sound financial performance even in the face of strong competition from other financial institutions and a rising interest rate environment. A recent Supervisory Letter (06-01) from NCUA discusses the issues surrounding the evaluation of credit union earnings. This is a very complex issue and deserves the attention of management and board members in all credit unions.

New Examiner

Carole Bluem has replaced Matt Selke in the Milwaukee region. She was a long time president of Interstate Credit Union prior to its merger in 2002.

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Bank Secrecy Act and Suspicious Activity Report (SAR)

All financial institutions are required to comply with the provisions of the Bank Secrecy Act (BSA). Each financial institution is required to develop policies that include a customer identification program, a training program for employees, and a BSA audit.

Credit unions must file a Suspicious Activity Report (SAR) when they discover an illegal or suspicious activity or when they detect an intrusion or attempted intrusion into their main computer system. Financial institutions must report any insider abuse or attempted abuse whether the financial institution is the victim or is used to facilitate a criminal transaction. Criminal acts aggregating \$5,000 involving an identified suspect and all criminal violations aggregating \$25,000 must be reported using an SAR. Transactions aggregating \$5,000 or more that involve potential money laundering or violations of the Bank Secrecy Act must be reported. Some of these violations also require that currency transaction reports (CTR) be filed whenever the transaction exceeds \$10,000. Recent reports of using ATMs to launder drug money have been in the credit union press. Credit unions are cautioned to monitor their ATMs and to report any suspicious activity.

Federal law provides complete protection from civil liability for all reports of suspicious activities made to appropriate authorities. Financial institutions, and everyone connected with them, are prohibited from informing or warning any person that an SAR has been filed. As a final reminder, credit unions must be sure to complete the narrative section of the SAR.

Call Report Changes

Credit unions did not appear to have major problems with the new call report format during the June 2006 cycle. NCUA identified some glitches and devised alternate procedures to handle the problems. Suggestions from credit unions on how to make the call report better are always welcome. Please contact Chief Examiner Kim Brilowski to discuss possible improvements to the call report.

Also, remember to send your financials to the office upon completion of the call report. We need these for **all** credit unions, regardless of how you file your report. You can mail them to P.O. Box 14137, Madison, Wisconsin 53708-0137, fax them (608) 267-0479, or email the balance sheet and income statement to WI00@ncua.gov.

Data Collection Project

NASCUS has been busy coordinating the data collection project. The timeline has been pushed back. The software has been ordered and the training for the examiner who will head the project has been scheduled for mid-August. The questionnaire is complete and the parameters for the credit union sample are set. The Office of Credit Unions (OCU) does not plan to publish the list of sample credit unions since it could appear skewed. The sample is based on the entire state-chartered credit union population, not on a state-by-state basis.

The OCU will only contact the credit unions that are part of the representative sample. We will contact the chosen credit unions as soon as the list is available. Since the OCU is using its examination authority to collect this data, it is confidential material. The data will be combined with data from the other states so that the anonymity of individual credit unions and their members will be maintained in the final report.

Wisconsin CD Option for EdVest

DFI Secretary Lorrie Heinemann has worked on the CD option for EdVest on behalf of both state-chartered banks and credit unions. Her intent has been to have a CD option approved so that EdVest funds can be invested in Wisconsin banks and credit unions. This will provide needed liquidity for state financial institutions. Corporate Central Credit Union has been involved in the development of this product and has provided valuable insight into how the product would be distributed among participating credit unions. The program is still waiting for a ruling from the FDIC and NCUA about how deposit coverage will be determined. Once these rulings are obtained, the new CD option will be rolled out to Wisconsin EdVest owners.

Money Smart Week Wisconsin

Money Smart Week is a Federal Reserve program that was introduced in Chicago and Detroit to help improve the financial knowledge of the citizens of those cities. The Governor's Council on Financial Literacy decided to expand this program to include the entire state of Wisconsin. This is the first time that a state has been involved and there are many opportunities for all Wisconsin credit unions to be involved—and many opportunities to publicize the credit union difference. Governor Doyle has declared October 2-7, 2006 as Money Smart Week in Wisconsin. To find out more about how your credit union can help, please visit the website for this worthwhile program at www.moneysmartwi.org.

**COMPARISON STATEMENTS OF CONDITION
OF WISCONSIN CREDIT UNIONS
JUNE 30, 2006 and DECEMBER 31, 2005**

	<u>June 30, 2006</u>		<u>December 31, 2005</u>		<u>Increase or Decrease</u>	<u>% Change</u>
<u>Number of Credit Unions</u>	273		280		-7	-2.5%
	<u>AMOUNT</u>	<u>% OF ASSETS</u>	<u>AMOUNT</u>	<u>% OF ASSETS</u>		
<u>Assets</u>						
Personal Loans	4,776,259,291	30.9%	4,823,011,677	32.6%	-46,752,386	-1.0%
Real Estate Loans	<u>7,687,675,846</u>	49.8%	<u>7,210,295,717</u>	48.7%	<u>477,380,129</u>	6.6%
Total Loans	12,463,935,137	80.7%	12,033,307,394	81.3%	430,627,743	3.6%
Allowance for Loan Losses	<u>78,582,755</u>	0.5%	<u>79,152,669</u>	0.5%	<u>-569,914</u>	-0.7%
Net Loans	12,385,352,382	80.2%	11,954,154,725	80.7%	431,197,657	3.6%
Cash	890,362,921	5.8%	629,214,380	4.2%	261,148,541	41.5%
Investments	1,291,000,850	8.4%	1,400,336,637	9.5%	-109,335,787	-7.8%
Fixed Assets	452,167,392	2.9%	449,265,187	3.0%	2,902,205	0.6%
Other Assets	<u>424,716,399</u>	2.8%	<u>372,321,266</u>	2.5%	<u>52,395,133</u>	14.1%
TOTAL ASSETS	<u><u>15,443,599,944</u></u>	100.0%	<u><u>14,805,292,195</u></u>	100.0%	<u><u>638,307,749</u></u>	4.3%
<u>Liabilities</u>						
Regular Shares	3,484,167,544	22.6%	3,347,908,806	22.6%	136,258,738	4.1%
Share Drafts	1,806,935,305	11.7%	1,804,777,750	12.2%	2,157,555	0.1%
Other Shares & Deposits	<u>7,698,669,796</u>	49.9%	<u>7,249,854,313</u>	49.0%	<u>448,815,483</u>	6.2%
Total Savings	12,989,772,645	84.1%	12,402,540,869	83.8%	587,231,776	4.7%
Notes and Accounts Pay.	767,225,102	5.0%	763,528,921	5.2%	3,696,181	0.5%
Regular Reserve	659,462,612	4.3%	656,214,939	4.4%	3,247,673	0.5%
Other Reserves	<u>1,027,139,585</u>	6.7%	<u>983,007,466</u>	6.6%	<u>44,132,119</u>	4.5%
TOTAL LIABILITIES	<u><u>15,443,599,944</u></u>	100.0%	<u><u>14,805,292,195</u></u>	100.0%	<u><u>638,307,749</u></u>	4.3%

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

**STATEMENT OF INCOME
FOR WISCONSIN CREDIT UNIONS
FOR THE PERIOD ENDING JUNE 30, 2006**

	<u>AMOUNT</u>	<u>% OF GROSS INCOME</u>	<u>% OF AVERAGE ASSETS</u>
INCOME			
Interest on Loans	383,673,397	75.26%	5.07%
Less: Interest Refunds	<u>68,736</u>	0.01%	0.00%
Net Interest Income	383,604,661	75.24%	5.07%
Income on Investments	36,312,909	7.12%	0.48%
Other Income	<u>89,897,068</u>	17.63%	1.19%
TOTAL OPERATING INCOME	509,814,638	100.00%	6.74%
ADMINISTRATIVE EXPENSES			
Employee Costs	144,809,647	28.40%	1.91%
Travel and Conference	3,755,958	0.74%	0.05%
Office Occupancy	18,774,116	3.68%	0.25%
General Operations	53,957,993	10.58%	0.71%
Education and Promotion	11,135,933	2.18%	0.15%
Loan Servicing	16,416,859	3.22%	0.22%
Professional Services	16,585,373	3.25%	0.22%
Member Insurance	1,218,717	0.24%	0.02%
Operating Fees	1,026,418	0.20%	0.01%
Other Operational Expenses	<u>6,068,668</u>	1.19%	0.08%
TOTAL ADMINISTRATIVE	273,749,682	53.70%	3.62%
Provision for Loan Loss	<u>18,560,393</u>	3.64%	0.25%
TOTAL OPERATING EXPENSES	292,310,075	57.34%	3.87%
COST OF ACQUISITION OF FUNDS			
Dividends Paid on Savings	155,534,484	30.51%	2.06%
Interest on Borrowed Funds	<u>14,297,656</u>	2.80%	0.19%
TOTAL COST OF FUNDS	169,832,140	33.31%	2.25%
TOTAL EXPENSES	462,142,215	90.65%	6.11%
NET OPERATING INCOME	47,672,423	9.35%	0.63%
NON-OPERATING INCOME	<u>2,836,911</u>	0.56%	0.04%
NET INCOME	50,509,334	9.91%	0.67%

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

**COMPARISON STATEMENTS OF INCOME
FOR WISCONSIN CREDIT UNIONS
FOR THE PERIODS ENDING JUNE 30, 2006 AND JUNE 30, 2005**

	2006	% OF AVERAGE	2005	% OF AVERAGE
	<u>AMOUNT</u>	<u>ASSETS</u>	<u>AMOUNT</u>	<u>ASSETS</u>
INCOME				
Interest on Loans	383,673,397	5.07%	325,899,221	4.64%
Less: Interest Refunds	<u>68,736</u>	<u>0.00%</u>	<u>26,056</u>	<u>0.00%</u>
Net Interest Income	383,604,661	5.07%	325,873,165	4.64%
Income on Investments	36,312,909	0.48%	30,994,758	0.44%
Other Income	<u>89,897,068</u>	<u>1.19%</u>	<u>82,703,917</u>	<u>1.18%</u>
TOTAL OPERATING INCOME	509,814,638	6.74%	439,571,840	6.26%
ADMINISTRATIVE EXPENSES				
Employee Costs	144,809,647	1.91%	133,655,598	1.90%
Travel and Conference	3,755,958	0.05%	3,411,908	0.05%
Office Occupancy	18,774,116	0.25%	17,118,839	0.24%
General Operations	53,957,993	0.71%	48,405,453	0.69%
Education and Promotion	11,135,933	0.15%	10,188,924	0.15%
Loan Servicing	16,416,859	0.22%	15,675,889	0.22%
Professional Services	16,585,373	0.22%	16,185,461	0.23%
Member Insurance	1,218,717	0.02%	1,363,699	0.02%
Operating Fees	1,026,418	0.01%	1,015,146	0.01%
Other Operational Expenses	<u>6,068,668</u>	<u>0.08%</u>	<u>5,643,508</u>	<u>0.08%</u>
TOTAL ADMINISTRATIVE	273,749,682	3.62%	252,664,425	3.60%
Provision for Loan Loss	<u>18,560,393</u>	<u>0.25%</u>	<u>19,212,870</u>	<u>0.27%</u>
TOTAL OPERATING EXPENSES	292,310,075	3.87%	271,877,295	3.87%
COST OF ACQUISITION OF FUNDS				
Dividends Paid on Savings	155,534,484	2.06%	99,468,304	1.42%
Interest on Borrowed Funds	<u>14,297,656</u>	<u>0.19%</u>	<u>8,273,396</u>	<u>0.12%</u>
TOTAL COST OF FUNDS	169,832,140	2.25%	107,741,700	1.53%
TOTAL EXPENSES	462,142,215	6.11%	379,618,995	5.41%
NET OPERATING INCOME	47,672,423	0.63%	59,952,845	0.85%
NON-OPERATING INCOME	<u>2,836,911</u>	<u>0.04%</u>	<u>13,138,092</u>	<u>0.19%</u>
NET INCOME	50,509,334	0.67%	73,090,937	1.04%

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

**SIGNIFICANT OPERATIONAL RATIOS
FOR THE PERIOD ENDING JUNE 30, 2006**

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	39	63	97	57	273

CAPITAL ADEQUACY

Net Worth/Total Assets	21.49%	19.06%	16.20%	12.89%	10.48%	10.98%
Total Delinquency/Net Worth	11.86%	8.60%	5.55%	5.97%	7.24%	6.98%
Solvency Evaluation	127.99%	123.75%	119.57%	115.14%	112.39%	112.98%
Classified Assets/Net Worth	9.50%	5.85%	4.10%	3.91%	4.80%	4.63%

ASSET QUALITY

Delinquent Loans/Loans	4.88%	2.57%	1.33%	1.02%	0.92%	0.95%
Net Charge Offs/Avg. Loans*	0.00%	0.33%	0.56%	0.25%	0.32%	0.31%

EARNINGS (to Average Assets)

Return on Average Assets*	-2.12%	0.52%	0.73%	0.56%	0.69%	0.67%
Net Operating Expense*	4.50%	3.40%	3.25%	3.45%	2.74%	2.86%
Fixed Assets+FRA's**/Assets	0.47%	0.40%	1.20%	3.02%	2.96%	2.93%
Gross Income*	5.28%	5.43%	5.82%	6.59%	6.80%	6.74%
Cost of Funds*	2.93%	1.30%	1.37%	1.67%	2.38%	2.25%
Operating Exp. (less PLL)*	4.53%	3.49%	3.58%	4.15%	3.52%	3.62%
Net Interest Margin*	2.30%	4.00%	4.00%	3.92%	3.18%	3.31%
PLL*	0.66%	0.13%	0.15%	0.23%	0.25%	0.25%

ASSET-LIABILITY MANAGEMENT

Net Long Term Assets/Assets	1.29%	5.11%	13.42%	17.12%	30.69%	27.50%
Shares/Savings+Borrowings	99.46%	87.42%	65.53%	42.25%	21.82%	25.84%
Loans/Savings	67.62%	79.42%	82.19%	89.13%	98.20%	96.45%
Loans/Assets	52.18%	63.72%	67.77%	75.43%	82.04%	80.71%
Cash + ST Invest./Assets	47.29%	31.09%	21.89%	13.55%	8.83%	8.60%
Shares + Drafts/Savings+Borrowings	99.46%	88.56%	73.06%	56.34%	34.80%	38.84%

OTHER RATIOS

Savings Growth*	-0.27%	-0.03%	-1.46%	6.23%	10.39%	9.47%
Net Worth Growth*	-7.95%	3.12%	0.49%	4.28%	6.67%	6.03%
Loan Growth*	-9.30%	-2.53%	0.84%	5.19%	7.65%	7.16%
Asset Growth*	-1.91%	-0.13%	2.30%	5.44%	9.40%	8.62%
Investments/Assets	11.50%	15.99%	20.61%	12.07%	7.37%	8.36%
Employee Cost/Gross Inc.	32.97%	31.76%	33.58%	31.85%	27.68%	28.40%
Employee Cost/ Avg. Assets*	1.74%	1.73%	1.95%	2.10%	1.88%	1.91%
Average Loan Balance	\$6,004	\$6,816	\$8,438	\$9,516	\$11,208	\$10,861
Average Savings Balance	\$1,242	\$2,021	\$2,577	\$2,670	\$3,556	\$3,355

* 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
2001-2006**

	2001	2002	2003	2004	2005	2006
Number of Credit Unions	326	308	298	287	280	273
CAPITAL ADEQUACY						
Net Worth/Total Assets	10.69%	10.82%	10.90%	11.08%	11.12%	10.98%
Total Delinquency/Net Worth	7.96%	7.46%	7.28%	6.38%	7.65%	6.98%
Solvency Evaluation	112.22%	112.48%	112.62%	113.04%	113.22%	112.98%
Classified Assets/Net Worth	4.42%	4.49%	4.62%	4.52%	4.81%	4.63%
ASSET QUALITY						
Delinquent Loans/Loans	1.09%	1.10%	1.05%	0.89%	1.05%	0.95%
Net Charge Offs/Avg. Loans	0.26%	0.29%	0.31%	0.30%	0.30%	0.31%
EARNINGS (to Average Assets)						
Return on Average Assets	0.90%	1.19%	1.07%	0.94%	0.91%	0.67%
Net Operating Expense	3.02%	2.91%	2.88%	2.80%	2.86%	2.86%
Fixed Assets+FRA's**/Assets	2.49%	2.49%	2.54%	2.71%	3.03%	2.93%
Gross Income	8.35%	7.36%	6.67%	6.09%	6.48%	6.74%
Cost of Funds	3.41%	2.20%	1.61%	1.32%	1.75%	2.25%
Operating Exp. (less PLL)	3.77%	3.71%	3.72%	3.58%	3.64%	3.62%
Net Interest Margin	3.74%	3.89%	3.65%	3.60%	3.51%	3.31%
PLL	0.26%	0.28%	0.29%	0.27%	0.29%	0.25%
ASSET-LIABILITY MANAGEMENT						
Net Long Term Assets/Assets	22.05%	19.91%	24.44%	26.41%	25.10%	27.50%
Shares/Savings+Borrowings	29.21%	29.89%	30.20%	29.28%	26.04%	25.84%
Loans/Savings	88.84%	84.25%	87.62%	93.49%	97.67%	96.45%
Loans/Assets	77.79%	73.14%	75.49%	79.07%	81.28%	80.71%
Cash + ST Invest./Assets	13.61%	14.50%	11.55%	9.14%	8.72%	8.60%
OTHER RATIOS						
Savings Growth	14.54%	9.56%	8.74%	5.26%	6.89%	9.47%
Net Worth Growth	8.30%	11.46%	10.31%	8.92%	8.62%	6.03%
Loan Growth	7.58%	3.98%	13.01%	12.23%	11.21%	7.16%
Asset Growth	13.29%	10.45%	9.49%	7.14%	8.19%	8.62%
Investments/Assets	17.06%	19.02%	18.69%	15.08%	12.62%	8.36%
Employee Cost/Gross Inc.	23.53%	26.61%	29.77%	31.35%	29.75%	28.40%
Employee Cost/ Avg. Assets	1.96%	1.96%	1.98%	1.91%	1.93%	1.91%
Average Loan Balance	\$8,258	\$8,507	\$9,314	\$10,003	\$10,565	\$10,861
Average Savings Balance	\$2,718	\$2,908	\$3,112	\$3,209	\$3,260	\$3,355

** Foreclosed and Repossessed Assets
Ratios are annualized for 2006

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

**ANALYSIS OF INCOME AND EXPENSES TO GROSS INCOME
FOR THE PERIOD ENDING JUNE 30, 2006**

Peer Groups by Assets	\$ 500,001- <\$500,000	\$ 2,000,001- \$2,000,000	\$ 2,000,001- \$10,000,000	\$10,000,001- \$50,000,000	>\$50,000,000	TOTAL
Number of Credit Unions	17	39	63	97	57	273
OPERATING INCOME						
Interest on Loans	69.28%	74.20%	72.98%	74.63%	75.42%	75.26%
Less: Interest Refunds	0.00%	0.00%	0.01%	0.03%	0.01%	0.01%
Income on Investments	29.73%	23.40%	19.16%	10.29%	6.25%	7.12%
Income on Trading Securities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fee Income	0.66%	1.67%	5.77%	10.64%	11.50%	11.24%
Other Operating Income	<u>0.33%</u>	<u>0.73%</u>	<u>2.10%</u>	<u>4.46%</u>	<u>6.84%</u>	<u>6.39%</u>
TOTAL INCOME	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
OPERATING EXPENSES						
Employee Costs	32.97%	31.76%	33.58%	31.85%	27.68%	28.40%
Travel and Conference	1.22%	1.02%	0.97%	0.97%	0.69%	0.74%
Office Occupancy	1.15%	2.52%	3.31%	4.56%	3.54%	3.68%
General Operations	17.96%	12.26%	12.13%	12.47%	10.21%	10.58%
Education and Promotion	1.08%	0.42%	0.85%	2.17%	2.22%	2.18%
Loan Servicing	1.01%	1.09%	1.58%	3.16%	3.27%	3.22%
Professional Services	5.14%	3.29%	3.98%	5.20%	2.90%	3.25%
Member Insurance	11.61%	4.83%	1.74%	0.45%	0.15%	0.24%
Operating Fees	1.71%	1.30%	0.44%	0.30%	0.18%	0.20%
Miscellaneous	<u>12.12%</u>	<u>5.79%</u>	<u>3.01%</u>	<u>1.87%</u>	<u>1.02%</u>	<u>1.19%</u>
TOTAL ADMINISTRATIVE	85.97%	64.27%	61.59%	63.01%	51.85%	53.70%
Provision for Loan Loss	<u>12.57%</u>	<u>2.37%</u>	<u>2.63%</u>	<u>3.47%</u>	<u>3.69%</u>	<u>3.64%</u>
TOTAL OPERATING EXP.	98.54%	66.65%	64.22%	66.47%	55.54%	57.34%
COST OF FUNDS						
Interest on Borrowed Funds	0.00%	0.41%	0.69%	1.38%	3.11%	2.80%
Dividends on Savings	<u>55.47%</u>	<u>23.57%</u>	<u>22.77%</u>	<u>23.96%</u>	<u>31.84%</u>	<u>30.51%</u>
TOTAL COST OF FUNDS	55.47%	23.98%	23.45%	25.35%	34.94%	33.31%
NET INCOME FROM OPERATIONS	-54.01%	9.37%	12.33%	8.18%	9.51%	9.35%
NON-OPERATING GAIN/LOSS	<u>13.88%</u>	<u>0.13%</u>	<u>0.14%</u>	<u>0.31%</u>	<u>0.61%</u>	<u>0.56%</u>
ADJUSTED NET INCOME	-40.13%	9.50%	12.47%	8.49%	10.12%	9.91%

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

**ANALYSIS OF INCOME AND EXPENSES TO AVERAGE ASSETS
FOR THE PERIOD ENDING JUNE 30, 2006**

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	39	63	97	57	273
OPERATING INCOME						
Interest on Loans	3.65%	4.03%	4.25%	4.92%	5.13%	5.07%
Less: Interest Refunds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income on Investments	1.57%	1.27%	1.12%	0.68%	0.43%	0.48%
Income on Trading Securities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fee Income	0.03%	0.09%	0.34%	0.70%	0.78%	0.76%
Other Operating Income	<u>0.02%</u>	<u>0.04%</u>	<u>0.12%</u>	<u>0.29%</u>	<u>0.46%</u>	<u>0.43%</u>
TOTAL INCOME	5.28%	5.43%	5.82%	6.59%	6.80%	6.74%
OPERATING EXPENSES						
Employee Costs	1.74%	1.73%	1.95%	2.10%	1.88%	1.91%
Travel and Conference	0.06%	0.06%	0.06%	0.06%	0.05%	0.05%
Office Occupancy	0.06%	0.14%	0.19%	0.30%	0.24%	0.25%
General Operations	0.95%	0.67%	0.71%	0.82%	0.69%	0.71%
Education and Promotion	0.06%	0.02%	0.05%	0.14%	0.15%	0.15%
Loan Servicing	0.05%	0.06%	0.09%	0.21%	0.22%	0.22%
Professional Services	0.27%	0.18%	0.23%	0.34%	0.20%	0.22%
Member Insurance	0.61%	0.26%	0.10%	0.03%	0.01%	0.02%
Operating Fees	0.09%	0.07%	0.03%	0.02%	0.01%	0.01%
Miscellaneous	<u>0.64%</u>	<u>0.31%</u>	<u>0.18%</u>	<u>0.12%</u>	<u>0.07%</u>	<u>0.08%</u>
TOTAL ADMINISTRATIVE	4.53%	3.49%	3.58%	4.15%	3.52%	3.62%
Provision for Loan Loss	<u>0.66%</u>	<u>0.13%</u>	<u>0.15%</u>	<u>0.23%</u>	<u>0.25%</u>	<u>0.25%</u>
TOTAL OPERATING EXP.	5.20%	3.62%	3.74%	4.38%	3.78%	3.87%
COST OF FUNDS						
Interest on Borrowed Funds	0.00%	0.02%	0.04%	0.09%	0.21%	0.19%
Dividends on Savings	<u>2.93%</u>	<u>1.28%</u>	<u>1.33%</u>	<u>1.58%</u>	<u>2.16%</u>	<u>2.06%</u>
TOTAL COST OF FUNDS	2.93%	1.30%	1.37%	1.67%	2.38%	2.25%
NET INCOME FROM OPERATIONS	-2.85%	0.51%	0.72%	0.54%	0.65%	0.63%
NON-OPERATING GAIN/LOSS	<u>0.73%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>0.02%</u>	<u>0.04%</u>	<u>0.04%</u>
ADJUSTED NET INCOME	-2.12%	0.52%	0.73%	0.56%	0.69%	0.67%

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

**LOAN DELINQUENCY
PERIOD ENDING JUNE 30, 2006**

Peer Groups by Assets	\$					TOTAL
	<\$500,000	500,001- \$2,000,000	\$ 2,000,001- \$10,000,000	\$10,000,001- \$50,000,000	>\$50,000,000	
Number of Credit Unions	17	39	63	97	57	273
Loan Delinquency Ratios						
2 - 6 Months Delinquent	2.48%	1.74%	0.77%	0.63%	0.52%	0.54%
6 - 12 Months Delinquent	1.57%	0.58%	0.39%	0.25%	0.29%	0.29%
Over 12 Months Delinquent	<u>0.83%</u>	<u>0.25%</u>	<u>0.17%</u>	<u>0.14%</u>	<u>0.12%</u>	<u>0.12%</u>
Total Delinquent Loans	4.88%	2.57%	1.33%	1.02%	0.92%	0.95%
Loan Loss Ratio	0.00%	0.33%	0.56%	0.25%	0.32%	0.31%

**ANALYSIS OF LOANS BY TYPE
PERIOD ENDING JUNE 30, 2006**

Number of Credit Unions	\$					TOTAL
	17	39	63	97	57	
Loan Types						
Credit Card Loans	0.00%	0.07%	0.80%	2.24%	3.18%	3.00%
Unsecured Loans	5.56%	10.41%	6.34%	3.04%	1.84%	2.10%
New Auto Loans	27.00%	26.57%	15.70%	9.86%	6.90%	7.52%
Used Auto Loans	52.35%	41.10%	29.76%	23.10%	15.95%	17.25%
First Mortgages	0.00%	5.03%	25.04%	38.70%	44.25%	43.05%
Other Real Estate	0.00%	9.77%	15.28%	15.52%	19.24%	18.63%
Leases	0.00%	0.00%	0.03%	0.02%	0.03%	0.03%
All Other Loans	<u>15.10%</u>	<u>7.05%</u>	<u>7.05%</u>	<u>7.52%</u>	<u>8.61%</u>	<u>8.43%</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%	3.75%	2.79%	2.62%	2.65%
First Mortgage - Fixed - 15 yrs. Or less	0.00%	0.48%	6.89%	6.53%	8.49%	8.17%
First Mortgage - Balloon/Hybrid - > 5 yrs.	0.00%	0.17%	3.33%	2.40%	3.96%	3.72%
First Mortgage - Balloon/Hybrid - 5 yrs. Or less	0.00%	3.87%	10.10%	18.07%	15.32%	15.59%
First Mortgage - Other Fixed Rate	0.00%	0.40%	0.32%	0.63%	0.37%	0.40%
First Mortgage - Adjustable - 1 year or less	0.00%	0.05%	0.04%	2.01%	3.34%	3.09%
First Mortgage - Adjustable - > 1 year	0.00%	0.06%	0.61%	6.27%	10.15%	9.43%
Other - Closed End Fixed	0.00%	4.58%	11.68%	8.81%	8.60%	8.67%
Other - Closed End Adjustable	0.00%	1.87%	1.19%	2.30%	1.24%	1.39%
Other - Open End Adjustable	0.00%	0.42%	1.97%	3.71%	9.32%	8.39%
Other - Open-End Fixed	0.00%	0.00%	0.30%	0.08%	0.02%	0.03%
Other	0.00%	2.90%	0.14%	0.63%	0.07%	0.15%
Total Real Estate (as a percent of loans)	0.00%	14.80%	40.33%	54.22%	63.49%	61.68%
Total Real Estate (as a percent of assets)	0.00%	9.43%	27.33%	40.90%	52.09%	49.78%

*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, 2006**

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	39	63	97	57	273
Share Drafts	0.00%	1.26%	7.87%	14.66%	13.97%	13.91%
Regular Shares	99.46%	87.73%	65.74%	42.77%	22.76%	26.82%
Money Market Shares	0.00%	1.82%	3.22%	9.15%	22.23%	19.82%
Share Certificates	0.54%	8.17%	18.46%	25.32%	32.88%	31.38%
IRA Accounts	0.00%	0.90%	4.04%	7.54%	7.33%	7.28%
All Other Shares	<u>0.00%</u>	<u>0.12%</u>	<u>0.67%</u>	<u>0.57%</u>	<u>0.84%</u>	<u>0.79%</u>
Total Shares	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**ANALYSIS OF INVESTMENTS BY TYPE
PERIOD ENDING JUNE 30, 2006**

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	39	63	97	57	273
Trading Securities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Available for Sale Securities	0.00%	0.27%	0.00%	11.76%	34.90%	27.98%
Held-to-Maturity Securities	3.06%	0.00%	5.41%	5.46%	13.53%	11.31%
Commercial Banks, S&L's, and Mutual Savings Banks	72.97%	49.11%	48.97%	43.27%	13.27%	21.72%
Credit Unions	0.00%	10.48%	5.76%	4.41%	0.82%	1.89%
Corporate Credit Unions	7.25%	39.75%	39.14%	34.41%	31.20%	32.32%
Other Investments	16.72%	0.39%	0.72%	0.70%	6.29%	4.78%
Total Investments	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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