



State of Wisconsin Office of Credit Unions Bulletin

Mid-Year 2007

Jim Doyle, Governor

Lorrie Keating Heinemann, Secretary

Director's Comments

Suzanne T. Cowan, Director

This bulletin highlights the 2007 mid-year financial trends for Wisconsin's 263 state-chartered credit unions. The analysis is based on data compiled from the June 2007 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 \$598 million during the first half of 2007. This is a 3.80% increase in the assets held by Wisconsin credit unions. Total assets as of June 30, 2007 were \$16.3 billion.

The net worth ratio remained strong at 11.05% and delinquency was steady at 1.00% of loans. The return on assets was steady at 0.66% compared to 0.67% in June 2006. Net interest margins continue to be extremely tight, so credit unions must be vigilant in their control of expenses.

Loans outstanding grew by \$154 million and savings grew by \$669 million. The loan to savings ratio continues to be very high at 92% 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.

New Examiners

Mark Bennett transferred into the Office of Credit Unions (OCU) from the Department of Agriculture, Trade

In This Issue:

<i>Director's Comments</i>	1
<i>New Examiners</i>	1-2
<i>IRS 990 Form</i>	2
<i>Subprime Lending</i>	2
<i>Money Smart Week Wisconsin</i>	2
<i>Comparison Statements of Condition</i>	3
<i>Statement of Income</i>	4
<i>Comparison Statements of Income</i>	5
<i>Significant Operational Ratios</i>	6-7
<i>Significant Operational Ratios for all Wisconsin Credit Unions</i>	8
<i>Analysis of Income/Expenses to Gross Income</i>	9
<i>Analysis of Income/Expenses to Average Assets</i>	10
<i>Loan Delinquency</i>	11
<i>Analysis of Loans by Type</i>	11
<i>Analysis of Savings by Type</i>	12
<i>Analysis of Investments by Type</i>	12

and Consumer Protection. Mark is stationed in the Wausau Territory. In addition, a new examiner position was approved for the Wausau Territory and will be filled by Debra Hoeth who is transferring from the Department of Transportation. Debra will start with OCU on September 4th.

Greg Westby has been hired for the Information Systems—Business Automation Senior position. Greg previously worked for Employee Trust Funds.

IRS 990 Form

Starting with the 2007 tax year, the Office of Credit Unions will no longer file a consolidated group return for Wisconsin credit unions. Each credit union will be required to complete and file its own IRS 990 form. Information may be obtained from the IRS website at www.irs.gov. Although it is targeted at non-profit charitable organizations, credit union personnel may find www.stayexempt.org interesting and helpful. CUNA and the Wisconsin Credit Union League are preparing informational pieces for credit unions. Credit unions are encouraged to contact their CPA or accounting consultant for assistance in completing the IRS 990 next spring.

Subprime Lending

While both the financial press and news associations are publishing many articles about the nationwide problems in the housing markets caused by subprime lending, Wisconsin credit unions do not appear to have participated in the lax underwriting that is the root cause of the current problems. The National Credit Union Administration (NCUA) and other federal regulators have published several letters addressing how financial institutions can help borrowers who may have been placed in an inappropriate mortgage by a subprime lender. Several Wisconsin credit unions have designed mortgage rescue programs to help members refinance unfavorable mortgages and, therefore, stay in their homes.

Money Smart Week Wisconsin

Money Smart Week Wisconsin is a program that was introduced last year to help improve the financial knowledge of our citizens. The Governor's Council on Financial Literacy was very pleased with the excellent participation in the inaugural Money Smart Week last year. Almost 500 events were held during the 2006 event and over 7,000 people attended an educational event. Wisconsin credit unions are encouraged to get involved in 2007. This is a way to publicize the credit union difference. Governor Doyle has declared October 7 - 13, 2007 as Money Smart Week in Wisconsin. To find out more about how your credit union can help, please visit www.moneysmartwi.org for this worthwhile program.

**COMPARISON STATEMENTS OF CONDITION
OF WISCONSIN CREDIT UNIONS
JUNE 30, 2007 and DECEMBER 31, 2006**

	<u>June 30, 2007</u>		<u>December 31, 2006</u>		<u>Increase or Decrease</u>	<u>% Change</u>
<u>Number of Credit Unions</u>	263		267		-4	-1.5%
	<u>AMOUNT</u>	<u>% OF ASSETS</u>	<u>AMOUNT</u>	<u>% OF ASSETS</u>		
<u>Assets</u>						
Personal Loans	4,708,736,726	29.0%	4,724,734,135	30.2%	-15,997,409	-0.3%
Real Estate Loans	<u>8,159,849,771</u>	50.2%	<u>7,989,646,313</u>	51.0%	<u>170,203,458</u>	2.1%
Total Loans	12,868,586,497	79.2%	12,714,380,448	81.2%	154,206,049	1.2%
Allowance for Loan Losses	<u>89,697,193</u>	0.6%	<u>82,421,745</u>	0.5%	<u>7,275,448</u>	8.8%
Net Loans	12,778,889,304	78.6%	12,631,958,703	80.7%	146,930,601	1.2%
Cash	1,166,419,963	7.2%	910,959,335	5.8%	255,460,628	28.0%
Investments	1,381,681,566	8.5%	1,212,348,147	7.7%	169,333,419	14.0%
Fixed Assets	489,310,326	3.0%	469,530,560	3.0%	19,779,766	4.2%
Other Assets	<u>437,441,269</u>	2.7%	<u>431,435,098</u>	2.8%	<u>6,006,171</u>	1.4%
TOTAL ASSETS	<u><u>16,253,742,428</u></u>	100.0%	<u><u>15,656,231,843</u></u>	100.0%	<u><u>597,510,585</u></u>	3.8%
<u>Liabilities</u>						
Regular Shares	3,314,549,221	20.4%	3,099,145,641	19.8%	215,403,580	7.0%
Share Drafts	1,883,692,387	11.6%	1,862,950,314	11.9%	20,742,073	1.1%
Other Shares & Deposits	<u>8,693,365,253</u>	53.5%	<u>8,261,003,389</u>	52.8%	<u>432,361,864</u>	5.2%
Total Savings	13,891,606,861	85.5%	13,223,099,344	84.5%	668,507,517	5.1%
Notes and Accounts Pay.	572,593,654	3.5%	688,305,740	4.4%	-115,712,086	-16.8%
Regular Reserve	687,543,924	4.2%	683,946,383	4.4%	3,597,541	0.5%
Other Reserves	<u>1,101,997,989</u>	6.8%	<u>1,060,880,376</u>	6.8%	<u>41,117,613</u>	3.9%
TOTAL LIABILITIES	<u><u>16,253,742,428</u></u>	100.0%	<u><u>15,656,231,843</u></u>	100.0%	<u><u>597,510,585</u></u>	3.8%

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

**STATEMENT OF INCOME
FOR WISCONSIN CREDIT UNIONS
FOR THE PERIOD ENDING JUNE 30, 2007**

	<u>AMOUNT</u>	<u>% OF GROSS INCOME</u>	<u>% OF AVERAGE ASSETS</u>
INCOME			
Interest on Loans	430,496,339	73.71%	5.40%
Less: Interest Refunds	<u>96,242</u>	0.02%	0.00%
Net Interest Income	430,400,097	73.69%	5.40%
Income on Investments	50,624,100	8.67%	0.63%
Other Income	<u>103,033,186</u>	17.64%	1.29%
TOTAL OPERATING INCOME	584,057,383	100.00%	7.32%
ADMINISTRATIVE EXPENSES			
Employee Costs	152,231,590	26.06%	1.91%
Travel and Conference	3,999,074	0.68%	0.05%
Office Occupancy	19,860,123	3.40%	0.25%
General Operations	55,739,011	9.54%	0.70%
Education and Promotion	11,593,109	1.98%	0.15%
Loan Servicing	18,135,212	3.11%	0.23%
Professional Services	18,473,083	3.16%	0.23%
Member Insurance	1,208,079	0.21%	0.02%
Operating Fees	1,164,972	0.20%	0.01%
Other Operational Expenses	<u>6,690,288</u>	1.15%	0.08%
TOTAL ADMINISTRATIVE	289,094,541	49.50%	3.62%
Provision for Loan Loss	<u>26,479,668</u>	4.53%	0.33%
TOTAL OPERATING EXPENSES	315,574,209	54.03%	3.96%
COST OF ACQUISITION OF FUNDS			
Dividends Paid on Savings	205,815,944	35.24%	2.58%
Interest on Borrowed Funds	<u>11,199,860</u>	1.92%	0.14%
TOTAL COST OF FUNDS	<u>217,015,804</u>	37.16%	2.72%
TOTAL EXPENSES	532,590,013	91.19%	6.68%
NET OPERATING INCOME	51,467,370	8.81%	0.65%
NON-OPERATING INCOME	<u>1,551,907</u>	0.27%	0.02%
NET INCOME	53,019,277	9.08%	0.66%

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

**COMPARISON STATEMENTS OF INCOME
FOR WISCONSIN CREDIT UNIONS
FOR THE PERIODS ENDING JUNE 30, 2007 AND JUNE 30, 2006**

	2007		2006	
	AMOUNT	% OF AVERAGE ASSETS	AMOUNT	% OF AVERAGE ASSETS
INCOME				
Interest on Loans	430,496,339	5.40%	383,673,397	5.07%
Less: Interest Refunds	<u>96,242</u>	<u>0.00%</u>	<u>68,736</u>	<u>0.00%</u>
Net Interest Income	430,400,097	5.40%	383,604,661	5.07%
Income on Investments	50,624,100	0.63%	36,312,909	0.48%
Other Income	<u>103,033,186</u>	<u>1.29%</u>	<u>89,897,068</u>	<u>1.19%</u>
TOTAL OPERATING INCOME	584,057,383	7.32%	509,814,638	6.74%
ADMINISTRATIVE EXPENSES				
Employee Costs	152,231,590	1.91%	144,809,647	1.91%
Travel and Conference	3,999,074	0.05%	3,755,958	0.05%
Office Occupancy	19,860,123	0.25%	18,774,116	0.25%
General Operations	55,739,011	0.70%	53,957,993	0.71%
Education and Promotion	11,593,109	0.15%	11,135,933	0.15%
Loan Servicing	18,135,212	0.23%	16,416,859	0.22%
Professional Services	18,473,083	0.23%	16,585,373	0.22%
Member Insurance	1,208,079	0.02%	1,218,717	0.02%
Operating Fees	1,164,972	0.01%	1,026,418	0.01%
Other Operational Expenses	<u>6,690,288</u>	<u>0.08%</u>	<u>6,068,668</u>	<u>0.08%</u>
TOTAL ADMINISTRATIVE	289,094,541	3.62%	273,749,682	3.62%
Provision for Loan Loss	<u>26,479,668</u>	<u>0.33%</u>	<u>18,560,393</u>	<u>0.25%</u>
TOTAL OPERATING EXPENSES	315,574,209	3.96%	292,310,075	3.87%
COST OF ACQUISITION OF FUNDS				
Dividends Paid on Savings	205,815,944	2.58%	155,534,484	2.06%
Interest on Borrowed Funds	<u>11,199,860</u>	<u>0.14%</u>	<u>14,297,656</u>	<u>0.19%</u>
TOTAL COST OF FUNDS	<u>217,015,804</u>	<u>2.72%</u>	<u>169,832,140</u>	<u>2.25%</u>
TOTAL EXPENSES	532,590,013	6.68%	462,142,215	6.11%
NET OPERATING INCOME	51,467,370	0.65%	47,672,423	0.63%
NON-OPERATING INCOME	<u>1,551,907</u>	<u>0.02%</u>	<u>2,836,911</u>	<u>0.04%</u>
NET INCOME	53,019,277	0.66%	50,509,334	0.67%

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

**SIGNIFICANT OPERATIONAL RATIOS
FOR THE PERIOD ENDING JUNE 30, 2007**

Peer Groups by Assets	\$ 2,000,001- <\$2,000,000	\$ 10,000,001- \$10,000,000	\$ 50,000,001- \$50,000,000	\$100,000,001- \$100,000,000	\$100,000,001- \$500,000,000	\$500,000,001- >\$500,000,000	TOTAL
Number of Credit Unions	55	59	92	21	27	9	263
CAPITAL ADEQUACY							
Net Worth/Total Assets	21.03%	17.21%	13.20%	12.20%	10.99%	9.81%	11.05%
Net Worth/PCA Optional Total Assets	21.03%	17.94%	13.20%	12.20%	10.99%	9.82%	11.05%
Total Delinquency/Net Worth	9.13%	5.98%	5.91%	8.39%	7.28%	7.40%	7.19%
Solvency Evaluation	126.84%	121.12%	115.37%	114.09%	113.08%	111.27%	112.88%
Classified Assets/Net Worth	6.54%	4.42%	3.82%	6.18%	5.22%	5.02%	5.00%
ASSET QUALITY							
Delinquent Loans/Loans	3.03%	1.50%	1.06%	1.39%	0.99%	0.89%	1.00%
Net Charge Offs/Avg. Loans*	0.20%	0.23%	0.24%	0.43%	0.34%	0.29%	0.31%
Fair Value/Amortized Cost for HTM	100.00%	99.49%	99.56%	99.37%	98.48%	99.57%	99.18%
Accumulated Unrealized Gains or Losses on AFS/Amortized Cost AFS	4.01%	-1.55%	-1.49%	-2.31%	-1.67%	-1.63%	-1.68%
Delinquent Loans/Assets	1.92%	1.03%	0.78%	1.02%	0.80%	0.73%	0.79%
EARNINGS (to Average Assets)							
Return on Average Assets*	0.66%	0.68%	0.67%	-0.12%	0.55%	0.92%	0.66%
Gross Income*	5.97%	6.47%	7.10%	7.04%	7.31%	7.51%	7.32%
Yield on Average Loans*	6.55%	6.78%	6.95%	6.65%	6.69%	6.71%	6.73%
Yield on Average Investments*	4.28%	4.45%	4.68%	4.69%	4.68%	4.62%	4.65%
Fee & Other Op. Income*	0.19%	0.51%	1.03%	1.15%	1.32%	1.43%	1.29%
Cost of Funds*	1.49%	1.69%	2.10%	2.44%	2.73%	3.03%	2.72%
Net Margin*	4.48%	4.78%	5.00%	4.59%	4.58%	4.49%	4.60%
Operating Exp. (less PLL)*	3.68%	3.92%	4.16%	3.78%	3.74%	3.32%	3.62%
PLL*	0.18%	0.19%	0.19%	0.94%	0.30%	0.28%	0.33%
Net Interest Margin*	4.29%	4.26%	3.97%	3.44%	3.26%	3.06%	3.31%
Operating Exp./Gross Income	61.54%	60.55%	58.51%	53.76%	51.19%	44.21%	49.50%
Fixed Assets+FRA's**/Assets	0.30%	1.41%	2.95%	3.01%	3.59%	2.69%	3.01%
Net Operating Expense*	3.62%	3.53%	3.44%	3.05%	2.93%	2.54%	2.86%
ASSET-LIABILITY MANAGEMENT							
Net Long Term Assets/Assets	2.04%	13.30%	15.07%	18.86%	28.71%	30.59%	26.35%
Shares/Savings+Borrowings	86.01%	61.89%	38.90%	28.51%	21.81%	16.81%	23.42%
Loans/Savings	80.94%	84.65%	86.44%	87.11%	96.85%	94.09%	93.03%
Loans/Assets	63.42%	68.51%	73.83%	73.61%	80.61%	81.60%	79.17%
Cash + ST Invest./Assets	33.41%	22.86%	15.84%	13.71%	9.16%	10.92%	11.60%
Shares, Deposits & Borrowings/Earning Assets	79.02%	84.49%	92.48%	92.38%	94.71%	94.18%	93.70%
Shares + Drafts/Savings+Borrowings	88.37%	70.32%	53.05%	42.61%	33.85%	29.99%	36.34%
Borrowings/Shares & Net Worth	0.25%	0.16%	0.43%	0.79%	4.63%	2.44%	2.62%
OTHER RATIOS							
Net Worth Growth*	3.25%	3.99%	4.87%	-1.50%	4.96%	7.64%	5.23%
Savings Growth*	2.38%	1.55%	10.42%	8.41%	7.37%	12.79%	10.11%
Loan Growth*	-4.27%	-4.54%	-0.18%	-1.76%	0.77%	5.57%	2.43%
Asset Growth*	2.87%	2.64%	7.32%	5.85%	6.04%	9.57%	7.64%

**SIGNIFICANT OPERATIONAL RATIOS
FOR THE PERIOD ENDING JUNE 30, 2007**

Peer Groups by Assets	\$ 2,000,001- <\$2,000,000	\$ 10,000,001- \$10,000,000	\$ 50,000,001- \$50,000,000	\$ 100,000,001- \$100,000,000	\$ 500,000,001- \$500,000,000	>\$500,000,000	TOTAL
Number of Credit Unions	55	59	92	21	27	9	263
Investment Growth*	-0.30%	10.15%	38.88%	41.15%	45.16%	51.56%	43.96%
Investments/Assets	14.37%	17.96%	11.96%	14.79%	7.60%	6.25%	8.50%
Employee Cost/Gross Inc.	30.74%	32.45%	29.62%	27.81%	27.20%	23.56%	26.06%
Employee Cost/ Avg. Assets*	1.84%	2.10%	2.10%	1.96%	1.99%	1.77%	1.91%
Average Loan Balance	\$6,842	\$8,436	\$9,871	\$11,041	\$11,916	\$10,946	\$11,018
Average Savings Balance	\$1,939	\$2,485	\$2,770	\$3,308	\$3,431	\$4,049	\$3,506

*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
2002-2007**

	2002	2003	2004	2005	2006	2007
Number of Credit Unions	308	298	287	280	267	263
CAPITAL ADEQUACY						
Net Worth/Total Assets	10.82%	10.90%	11.08%	11.12%	11.17%	11.05%
Total Delinquency/Net Worth	7.46%	7.28%	6.38%	7.65%	7.91%	7.19%
Solvency Evaluation	112.48%	112.62%	113.04%	113.22%	113.20%	112.88%
Classified Assets/Net Worth	4.49%	4.62%	4.52%	4.81%	4.71%	5.00%
ASSET QUALITY						
Delinquent Loans/Loans	1.10%	1.05%	0.89%	1.05%	1.09%	1.00%
Net Charge Offs/Avg. Loans	0.29%	0.31%	0.30%	0.30%	0.31%	0.31%
EARNINGS (to Average Assets)						
Return on Average Assets	1.19%	1.07%	0.94%	0.91%	0.70%	0.66%
Net Operating Expense	2.91%	2.88%	2.80%	2.86%	2.84%	2.86%
Fixed Assets+FRA's**/Assets	2.49%	2.54%	2.71%	3.03%	3.00%	3.01%
Gross Income	7.36%	6.67%	6.09%	6.48%	7.01%	7.32%
Cost of Funds	2.20%	1.61%	1.32%	1.75%	2.45%	2.72%
Operating Exp. (less PLL)	3.71%	3.72%	3.58%	3.64%	3.62%	3.62%
Net Interest Margin	3.89%	3.65%	3.60%	3.51%	3.31%	3.31%
PLL	0.28%	0.29%	0.27%	0.29%	0.28%	0.33%
ASSET-LIABILITY MANAGEMENT						
Net Long Term Assets/Assets	19.91%	24.44%	26.41%	25.10%	26.32%	26.35%
Shares/Savings+Borrowings	29.89%	30.20%	29.28%	26.04%	22.82%	23.42%
Loans/Savings	84.25%	87.62%	93.49%	97.67%	96.66%	93.03%
Loans/Assets	73.14%	75.49%	79.07%	81.28%	81.21%	79.17%
Cash + ST Invest./Assets	14.50%	11.55%	9.14%	8.72%	9.79%	11.60%
OTHER RATIOS						
Savings Growth	9.56%	8.74%	5.26%	6.89%	6.62%	10.11%
Net Worth Growth	11.46%	10.31%	8.92%	8.62%	6.26%	5.23%
Loan Growth	3.98%	13.01%	12.23%	11.21%	5.66%	2.43%
Asset Growth	10.45%	9.49%	7.14%	8.19%	5.75%	7.64%
Investments/Assets	19.02%	18.69%	15.08%	12.62%	7.74%	8.50%
Employee Cost/Gross Inc.	26.61%	29.77%	31.35%	29.75%	27.16%	26.06%
Employee Cost/ Avg. Assets	1.96%	1.98%	1.91%	1.93%	1.90%	1.91%
Average Loan Balance	\$8,507	\$9,314	\$10,003	\$10,565	\$11,030	\$11,018
Average Savings Balance	\$2,908	\$3,112	\$3,209	\$3,260	\$3,386	\$3,506

***Foreclosed and Repossessed Assets*

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

**ANALYSIS OF INCOME AND EXPENSES TO GROSS INCOME
FOR THE PERIOD ENDING JUNE 30, 2007**

Peer Groups by Assets	<\$2,000,000	\$ 2,000,001- \$10,000,000	\$ 10,000,001- \$50,000,000	\$50,000,001- \$100,000,000	\$100,000,001- \$500,000,000	>\$500,000,000	TOTAL
Number of Credit Unions	55	59	92	21	27	9	263
OPERATING INCOME							
Interest on Loans	70.77%	73.09%	73.56%	70.96%	74.73%	73.63%	73.71%
Less: Interest Refunds	0.01%	0.02%	0.03%	0.05%	0.02%	0.00%	0.02%
Income on Investments	26.03%	18.97%	11.91%	12.79%	7.26%	7.35%	8.67%
Income on Trading Securities	0.00%	0.00%	0.00%	0.00%	0.02%	0.00%	0.01%
Fee Income	1.02%	5.94%	10.07%	10.37%	11.13%	10.38%	10.47%
Other Operating Income	<u>2.20%</u>	<u>2.02%</u>	<u>4.49%</u>	<u>5.93%</u>	<u>6.88%</u>	<u>8.64%</u>	<u>7.16%</u>
TOTAL INCOME	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
OPERATING EXPENSES							
Employee Costs	30.74%	32.45%	29.62%	27.81%	27.20%	23.56%	26.06%
Travel and Conference	1.15%	0.90%	0.93%	0.78%	0.90%	0.43%	0.68%
Office Occupancy	2.15%	3.46%	4.14%	3.61%	3.67%	2.94%	3.40%
General Operations	11.84%	12.55%	11.44%	11.00%	10.16%	8.11%	9.54%
Education and Promotion	0.51%	0.82%	1.99%	2.07%	2.11%	1.93%	1.98%
Loan Servicing	1.39%	1.63%	2.91%	2.43%	3.36%	3.19%	3.11%
Professional Services	3.83%	3.94%	4.96%	4.61%	2.28%	2.92%	3.16%
Member Insurance	4.31%	1.35%	0.41%	0.11%	0.20%	0.10%	0.21%
Operating Fees	0.82%	0.41%	0.25%	0.21%	0.20%	0.17%	0.20%
Miscellaneous	<u>4.78%</u>	<u>3.05%</u>	<u>1.88%</u>	<u>1.12%</u>	<u>1.13%</u>	<u>0.85%</u>	<u>1.15%</u>
TOTAL ADMINISTRATIVE	61.54%	60.55%	58.51%	53.76%	51.19%	44.21%	49.50%
Provision for Loan Loss	<u>3.03%</u>	<u>2.99%</u>	<u>2.62%</u>	<u>13.29%</u>	<u>4.05%</u>	<u>3.73%</u>	<u>4.53%</u>
TOTAL OPERATING EXP.	64.57%	63.54%	61.13%	67.05%	55.25%	47.93%	54.03%
COST OF FUNDS							
Interest on Borrowed Funds	0.11%	0.28%	0.78%	0.66%	3.11%	1.75%	1.92%
Dividends on Savings	<u>24.88%</u>	<u>25.86%</u>	<u>28.77%</u>	<u>34.09%</u>	<u>34.27%</u>	<u>38.53%</u>	<u>35.24%</u>
TOTAL COST OF FUNDS	24.99%	26.14%	29.55%	34.74%	37.37%	40.28%	37.16%
NET INCOME FROM OPERATIONS	10.43%	10.32%	9.32%	-1.80%	7.38%	11.79%	8.81%
NON-OPERATING GAIN/LOSS	<u>0.69%</u>	<u>0.20%</u>	<u>0.16%</u>	<u>0.11%</u>	<u>0.13%</u>	<u>0.43%</u>	<u>0.27%</u>
ADJUSTED NET INCOME	11.13%	10.52%	9.49%	-1.69%	7.50%	12.21%	9.08%

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

**ANALYSIS OF INCOME AND EXPENSES TO AVERAGE ASSETS
FOR THE PERIOD ENDING JUNE 30, 2007**

Peer Groups by Assets	\$ 2,000,001- <\$2,000,000	\$ 10,000,001- \$10,000,000	\$ 50,000,001- \$50,000,000	\$ 100,000,001- \$100,000,000	\$ 500,000,001- \$500,000,000	>\$500,000,000	TOTAL
Number of Credit Unions	55	59	92	21	27	9	263
OPERATING INCOME							
Interest on Loans	4.23%	4.73%	5.23%	4.99%	5.46%	5.53%	5.40%
Less: Interest Refunds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income on Investments	1.55%	1.23%	0.85%	0.90%	0.53%	0.55%	0.63%
Income on Trading Securities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fee Income	0.06%	0.38%	0.72%	0.73%	0.81%	0.78%	0.77%
Other Operating Income	<u>0.13%</u>	<u>0.13%</u>	<u>0.32%</u>	<u>0.42%</u>	<u>0.50%</u>	<u>0.65%</u>	<u>0.52%</u>
TOTAL INCOME	5.97%	6.47%	7.10%	7.04%	7.31%	7.51%	7.32%
OPERATING EXPENSES							
Employee Costs	1.84%	2.10%	2.10%	1.96%	1.99%	1.77%	1.91%
Travel and Conference	0.07%	0.06%	0.07%	0.05%	0.07%	0.03%	0.05%
Office Occupancy	0.13%	0.22%	0.29%	0.25%	0.27%	0.22%	0.25%
General Operations	0.71%	0.81%	0.81%	0.77%	0.74%	0.61%	0.70%
Education and Promotion	0.03%	0.05%	0.14%	0.15%	0.15%	0.15%	0.15%
Loan Servicing	0.08%	0.11%	0.21%	0.17%	0.25%	0.24%	0.23%
Professional Services	0.23%	0.25%	0.35%	0.32%	0.17%	0.22%	0.23%
Member Insurance	0.26%	0.09%	0.03%	0.01%	0.01%	0.01%	0.02%
Operating Fees	0.05%	0.03%	0.02%	0.01%	0.01%	0.01%	0.01%
Miscellaneous	<u>0.29%</u>	<u>0.20%</u>	<u>0.13%</u>	<u>0.08%</u>	<u>0.08%</u>	<u>0.06%</u>	<u>0.08%</u>
TOTAL ADMINISTRATIVE	3.68%	3.92%	4.16%	3.78%	3.74%	3.32%	3.62%
Provision for Loan Loss	<u>0.18%</u>	<u>0.19%</u>	<u>0.19%</u>	<u>0.94%</u>	<u>0.30%</u>	<u>0.28%</u>	<u>0.33%</u>
TOTAL OPERATING EXP.	3.86%	4.11%	4.34%	4.72%	4.04%	3.60%	3.96%
COST OF FUNDS							
Interest on Borrowed Funds	0.01%	0.02%	0.06%	0.05%	0.23%	0.13%	0.14%
Dividends on Savings	<u>1.49%</u>	<u>1.67%</u>	<u>2.04%</u>	<u>2.40%</u>	<u>2.50%</u>	<u>2.89%</u>	<u>2.58%</u>
TOTAL COST OF FUNDS	1.49%	1.69%	2.10%	2.44%	2.73%	3.03%	2.72%
NET INCOME FROM OPERATIONS	0.62%	0.67%	0.66%	-0.13%	0.54%	0.89%	0.65%
NON-OPERATING GAIN/LOSS	<u>0.04%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>0.03%</u>	<u>0.02%</u>
ADJUSTED NET INCOME	0.66%	0.68%	0.67%	-0.12%	0.55%	0.92%	0.66%

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

**LOAN DELINQUENCY
PERIOD ENDING JUNE 30, 2007**

Peer Groups by Assets	\$ 2,000,001-	\$ 10,000,001-	\$ 50,000,001-	\$ 100,000,001-	TOTAL		
	<\$2,000,000	\$10,000,000	\$50,000,000	\$100,000,000		\$500,000,000	>\$500,000,000
Number of Credit Unions	55	59	92	21	27	9	263
Loan Delinquency Ratios							
2 - 6 Months Delinquent	1.64%	0.77%	0.63%	0.81%	0.50%	0.46%	0.53%
6 - 12 Months Delinquent	0.77%	0.42%	0.28%	0.44%	0.29%	0.27%	0.30%
Over 12 Months Delinquent	<u>0.62%</u>	<u>0.31%</u>	<u>0.14%</u>	<u>0.14%</u>	<u>0.20%</u>	<u>0.16%</u>	<u>0.17%</u>
Total Delinquent Loans	3.03%	1.50%	1.06%	1.39%	0.99%	0.89%	1.00%
Loan Loss Ratio	0.20%	0.23%	0.24%	0.43%	0.34%	0.29%	0.31%

**ANALYSIS OF LOANS BY TYPE
PERIOD ENDING JUNE 30, 2007**

Number of Credit Unions	55	59	92	21	27	9	263
Loan Types							
Credit Card Loans	0.04%	0.88%	2.38%	2.29%	2.58%	4.20%	3.22%
Unsecured Loans	10.29%	6.20%	3.29%	2.32%	1.75%	1.95%	2.18%
New Auto Loans	26.63%	15.13%	8.77%	7.22%	5.42%	6.37%	6.64%
Used Auto Loans	42.28%	28.39%	20.39%	19.17%	16.59%	12.80%	15.87%
First Mortgages	4.57%	25.39%	40.63%	43.55%	48.98%	44.01%	44.73%
Other Real Estate	8.46%	16.59%	17.29%	17.10%	15.35%	21.92%	18.68%
Leases	0.00%	0.06%	0.02%	0.17%	0.00%	0.00%	0.02%
All Other Loans	<u>7.72%</u>	<u>7.36%</u>	<u>7.23%</u>	<u>8.18%</u>	<u>9.32%</u>	<u>8.75%</u>	<u>8.67%</u>
Total Loans	100.00%	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%	2.82%	2.88%	2.29%	4.43%	2.53%	3.16%
First Mortgage - Fixed - 15 yrs. Or less	0.60%	7.22%	6.52%	10.37%	8.38%	7.49%	7.88%
First Mortgage - Balloon/Hybrid - > 5 yrs.	0.34%	3.37%	1.78%	5.85%	4.13%	3.64%	3.74%
First Mortgage - Balloon/Hybrid - 5 yrs or less	3.23%	11.33%	20.58%	15.98%	18.26%	14.35%	16.47%
First Mortgage - Other Fixed Rate	0.36%	0.00%	0.69%	0.07%	0.38%	0.73%	0.54%
First Mortgage - Adjustable - 1 year or less	0.00%	0.04%	2.48%	3.84%	4.54%	2.92%	3.41%
First Mortgage - Adjustable - > 1 year	0.05%	0.61%	5.71%	5.15%	8.86%	12.35%	9.53%
Other - Closed End Fixed	4.36%	13.39%	10.20%	9.84%	7.25%	11.54%	9.86%
Other - Closed End Adjustable	1.50%	0.96%	2.87%	1.02%	1.67%	0.92%	1.42%
Other - Open End Adjustable	0.00%	1.66%	3.45%	6.12%	6.25%	9.44%	7.21%
Other - Open-End Fixed	0.12%	0.32%	0.00%	0.07%	0.05%	0.01%	0.04%
Other	2.48%	0.25%	0.77%	0.05%	0.13%	0.00%	0.16%
Total Real Estate (as a percent of loans)	13.03%	41.98%	57.92%	60.65%	64.33%	65.93%	63.41%
Total Real Estate (as a percent of assets)	8.26%	28.76%	42.76%	44.65%	51.86%	53.81%	50.20%

*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, 2007**

Peer Groups by Assets	\$ 2,000,001- <\$2,000,000	\$ 10,000,001- \$10,000,000	\$ 50,000,001- \$50,000,000	\$100,000,001- \$100,000,000	\$500,000,001- \$500,000,000	>\$500,000,000	TOTAL
Number of Credit Unions	55	59	92	21	27	9	263
Share Drafts	2.47%	9.09%	14.50%	14.48%	12.99%	13.72%	13.56%
Regular Shares	86.18%	61.36%	38.82%	28.52%	22.63%	17.09%	23.86%
Money Market Shares	0.90%	3.30%	9.71%	17.95%	18.81%	27.73%	21.07%
Share Certificates	9.61%	20.84%	28.52%	29.02%	36.00%	33.95%	33.06%
IRA Accounts	0.74%	4.13%	7.81%	7.66%	8.74%	7.31%	7.78%
All Other Shares	<u>0.10%</u>	<u>1.29%</u>	<u>0.65%</u>	<u>2.36%</u>	<u>0.83%</u>	<u>0.19%</u>	<u>0.67%</u>
Total Shares	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**ANALYSIS OF INVESTMENTS BY TYPE
PERIOD ENDING JUNE 30, 2007**

Peer Groups by Assets	\$ 2,000,001- <\$2,000,000	\$ 10,000,001- \$10,000,000	\$ 50,000,001- \$50,000,000	\$100,000,001- \$100,000,000	\$500,000,001- \$500,000,000	>\$500,000,000	TOTAL
Number of Credit Unions	55	59	92	21	27	9	263
Trading Securities	0.00%	0.00%	0.00%	0.00%	0.08%	0.00%	0.02%
Available for Sale Securities	0.22%	0.99%	10.99%	10.66%	32.64%	33.11%	23.60%
Held-to-Maturity Securities	0.03%	5.81%	5.40%	16.03%	9.17%	6.83%	8.64%
Commercial Banks, S&L's, and Mutual Savings Banks	45.56%	45.56%	45.34%	30.80%	7.37%	3.56%	19.03%
Credit Unions	11.39%	8.51%	5.93%	3.57%	0.46%	0.37%	2.37%
Corporate Credit Unions	41.82%	38.91%	31.63%	38.07%	44.93%	52.54%	43.41%
Other Investments	<u>0.98%</u>	<u>0.22%</u>	<u>0.71%</u>	<u>0.87%</u>	<u>5.34%</u>	<u>3.58%</u>	<u>2.93%</u>
Total Investments	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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