



Director's Comments

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Director, Office of Credit Unions

This bulletin highlights the 2008 mid-year financial trends for Wisconsin's 259 state-chartered credit unions. The analysis is based on data compiled from the June 2008 5300 Call Reports. This information is provided to keep you informed of current conditions and trends in the Wisconsin credit union industry.

Total assets as of June 30, 2008 were \$17.8 billion. This represents growth of \$1.2 billion during the first half the year and a 7.4% increase.

The net worth ratio remained strong at 10.78%. Delinquency was 1.14%, down from 1.27% as of December 31, 2007. The return on average assets was up slightly to 0.72% as compared to 0.66% in June 2007.

Loans outstanding grew by \$629 million and savings grew by \$1.1 billion. The loan to share ratio for Wisconsin credit unions continues to be high at 92.89%.

Overall, the financial indicators for Wisconsin credit unions exhibit sound financial performance for the first half of 2008 amid volatile and challenging markets.

New Examiners

Long time Madison examiner Jim Edens retired at the beginning of the year. Debra Hoeth replaced Jim in the Madison area. Amanda Banzhaf is a new examiner in the Northwest area. Don Anderson recently started as the IS Business Automation – Senior.

NCUA Deposit Insurance

Due to the recent failure and much publicized Federal Deposit Insurance Corporation (FDIC) takeover of several banks, deposit insurance is a concern of many members. Credit union management must ensure that

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staff is educated regarding deposit insurance. The National Credit Union Administration has published a brochure, *Your Insured Funds*, and has an insured funds estimator and other information on their website, www.ncua.gov. Signs bearing the NCUSIF logo must be placed at every station where deposits are accepted and must be on advertising, internet pages and statements.

The NCUSIF coverage is slightly different from the FDIC coverage, and members are encouraged to contact NCUA directly if they have any questions.

FACT Act Compliance

By November 1, 2008, credit unions must comply with the new ID theft red flags rule. Management must ensure that policies and procedures are developed.

Additionally, credit unions must also comply with the provisions of the Fair and Accurate Credit Transactions (FACT) Act and the recent amendments to the Fair Credit Reporting Act. The Wisconsin Credit Union League has published ii Releases that are a good source of information regarding these federal laws.

Money Smart Week Wisconsin – 2008

Money Smart Week Wisconsin is a program designed to help improve the financial knowledge of Wisconsin citizens. The Governor's Council on Financial Literacy was very pleased with the excellent participation in Money Smart Week in 2007. Over 500 events were held and over 9,000 people attended an educational event.

Wisconsin credit unions are encouraged to get involved in 2008. This is also a way to publicize the credit union difference. Governor Doyle has declared October 12-18, 2008 as Money Smart Week Wisconsin. To find out more about how your credit union can participate, please visit www.moneysmartwi.org for additional information.

Flood Insurance

A credit union cannot make, increase, extend or renew any loan secured by a building or mobile home that is located in a Special Flood Hazard Area (SFHA). Credit unions must use the standard flood hazard determination form developed by FEMA to determine if a property is in an SFHA.

Any credit union that offers mortgage loan products is subject to Flood Disaster Requirements. Credit unions could be assessed civil money penalties if they do not comply with federal regulations. In order to avoid penalties, credit unions should consider implementing the following practices on applicable loans:

- Require the purchase of flood insurance for loans secured by a property located in a flood hazard area;
- Place flood insurance premiums in escrow if the credit union requires an escrow account for other charges such as insurance and taxes;
- Provide the proper notices pertaining to loans (e.g., flood hazard determination notice); and
- Purchase insurance (force-placing) when the borrower fails to maintain adequate flood insurance coverage.

**COMPARISON STATEMENTS OF CONDITION
OF WISCONSIN CREDIT UNIONS
JUNE 30, 2008 and DECEMBER 31, 2007**

	<u>June 30, 2008</u>		<u>December 31, 2007</u>		Increase or Decrease	% Change
Number of Credit Unions	259		260		-1	-0.4%
	<u>AMOUNT</u>	<u>% OF ASSETS</u>	<u>AMOUNT</u>	<u>% OF ASSETS</u>		
ASSETS						
Personal Loans	4,951,785,456	27.9%	4,780,768,463	28.9%	171,016,993	3.6%
Real Estate Loans	<u>9,005,473,824</u>	50.7%	<u>8,547,967,431</u>	51.7%	<u>457,506,393</u>	5.4%
Total Loans	13,957,259,280	78.6%	13,328,735,894	80.6%	628,523,386	4.7%
Allowance for Loan Losses	<u>94,235,356</u>	0.5%	<u>94,691,648</u>	0.6%	<u>-456,292</u>	-0.5%
Net Loans	13,863,023,924	78.0%	13,234,044,246	80.0%	628,979,678	4.8%
Cash	1,264,900,106	7.1%	1,023,277,316	6.2%	241,622,790	23.6%
Investments	1,642,334,189	9.2%	1,330,249,006	8.0%	312,085,183	23.5%
Fixed Assets	520,163,583	2.9%	508,761,921	3.1%	11,401,662	2.2%
Other Assets	<u>475,216,159</u>	2.7%	<u>446,993,102</u>	2.7%	<u>28,223,057</u>	6.3%
TOTAL ASSETS	<u><u>17,765,637,961</u></u>	100.0%	<u><u>16,543,325,591</u></u>	100.0%	<u><u>1,222,312,370</u></u>	7.4%
LIABILITIES						
Regular Shares	3,388,073,277	19.1%	2,952,021,110	17.8%	436,052,167	14.8%
Share Drafts	1,955,511,548	11.0%	1,876,362,931	11.3%	79,148,617	4.2%
Other Shares & Deposits	<u>9,733,696,453</u>	54.8%	<u>9,124,983,365</u>	55.2%	<u>608,713,088</u>	6.7%
Total Savings	15,077,281,278	84.9%	13,953,367,406	84.3%	1,123,913,872	8.1%
Notes and Accounts Pay.	795,248,181	4.5%	746,981,229	4.5%	48,266,952	6.5%
Regular Reserve	726,759,751	4.1%	709,606,512	4.3%	17,153,239	2.4%
Other Reserves	<u>1,166,348,751</u>	6.6%	<u>1,133,370,444</u>	6.9%	<u>32,978,307</u>	2.9%
TOTAL LIABILITIES	<u><u>17,765,637,961</u></u>	100.0%	<u><u>16,543,325,591</u></u>	100.0%	<u><u>1,222,312,370</u></u>	7.4%

NOTE: Some small statistical errors may occur due to rounding.

**STATEMENT OF INCOME
FOR WISCONSIN CREDIT UNIONS
FOR THE PERIOD ENDING JUNE 30, 2008**

	<u>AMOUNT</u>	<u>% OF GROSS INCOME</u>	<u>% OF AVERAGE ASSETS</u>
INCOME			
Interest on Loans	449,813,309	73.56%	5.24%
Less: Interest Refunds	<u>120,557</u>	0.02%	0.00%
Net Interest Income	449,692,752	73.54%	5.24%
Income on Investments	48,177,927	7.88%	0.56%
Other Income	<u>113,632,134</u>	18.58%	1.32%
TOTAL OPERATING INCOME	611,502,813	100.00%	7.13%
ADMINISTRATIVE EXPENSES			
Employee Costs	164,437,533	26.89%	1.92%
Travel and Conference	4,428,087	0.72%	0.05%
Office Occupancy	22,653,743	3.70%	0.26%
General Operations	57,736,244	9.44%	0.67%
Education and Promotion	12,600,375	2.06%	0.15%
Loan Servicing	21,039,323	3.44%	0.25%
Professional Services	19,901,487	3.25%	0.23%
Member Insurance	1,130,377	0.18%	0.01%
Operating Fees	1,320,424	0.22%	0.02%
Other Operational Expenses	<u>6,770,946</u>	1.11%	0.08%
TOTAL ADMINISTRATIVE	312,018,539	51.02%	3.64%
Provision for Loan Loss	<u>22,591,283</u>	3.69%	0.26%
TOTAL OPERATING EXPENSES	334,609,822	54.72%	3.90%
COST OF ACQUISITION OF FUNDS			
Dividends Paid on Savings	203,474,017	33.27%	2.37%
Interest on Borrowed Funds	<u>12,677,192</u>	2.07%	0.15%
TOTAL COST OF FUNDS	<u>216,151,209</u>	35.35%	2.52%
TOTAL EXPENSES	550,761,031	90.07%	6.42%
NET OPERATING INCOME	60,741,782	9.93%	0.71%
NON-OPERATING INCOME	<u>1,340,879</u>	0.22%	0.02%
NET INCOME	62,082,661	10.15%	0.72%

**COMPARISON STATEMENTS OF INCOME
FOR WISCONSIN CREDIT UNIONS
FOR THE PERIODS ENDING JUNE 30, 2008 AND JUNE 30, 2007**

	2008	% OF AVERAGE ASSETS	2007	% OF AVERAGE ASSETS
	<u>AMOUNT</u>		<u>AMOUNT</u>	
INCOME				
Interest on Loans	449,813,309	5.24%	430,496,339	5.40%
Less: Interest Refunds	<u>120,557</u>	<u>0.00%</u>	<u>96,242</u>	<u>0.00%</u>
Net Interest Income	449,692,752	5.24%	430,400,097	5.40%
Income on Investments	48,177,927	0.56%	50,624,100	0.63%
Other Income	<u>113,632,134</u>	<u>1.32%</u>	<u>103,033,186</u>	<u>1.29%</u>
TOTAL OPERATING INCOME	611,502,813	7.13%	584,057,383	7.32%
ADMINISTRATIVE EXPENSES				
Employee Costs	164,437,533	1.92%	152,231,590	1.91%
Travel and Conference	4,428,087	0.05%	3,999,074	0.05%
Office Occupancy	22,653,743	0.26%	19,860,123	0.25%
General Operations	57,736,244	0.67%	55,739,011	0.70%
Education and Promotion	12,600,375	0.15%	11,593,109	0.15%
Loan Servicing	21,039,323	0.25%	18,135,212	0.23%
Professional Services	19,901,487	0.23%	18,473,083	0.23%
Member Insurance	1,130,377	0.01%	1,208,079	0.02%
Operating Fees	1,320,424	0.02%	1,164,972	0.01%
Other Operational Expenses	<u>6,770,946</u>	<u>0.08%</u>	<u>6,690,288</u>	<u>0.08%</u>
TOTAL ADMINISTRATIVE	312,018,539	3.64%	289,094,541	3.62%
Provision for Loan Loss	<u>22,591,283</u>	<u>0.26%</u>	<u>26,479,668</u>	<u>0.33%</u>
TOTAL OPERATING EXPENSES	334,609,822	3.90%	315,574,209	3.96%
COST OF ACQUISITION OF FUNDS				
Dividends Paid on Savings	203,474,017	2.37%	205,815,944	2.58%
Interest on Borrowed Funds	<u>12,677,192</u>	<u>0.15%</u>	<u>11,199,860</u>	<u>0.14%</u>
TOTAL COST OF FUNDS	<u>216,151,209</u>	<u>2.52%</u>	<u>217,015,804</u>	<u>2.72%</u>
TOTAL EXPENSES	550,761,031	6.42%	532,590,013	6.68%
NET OPERATING INCOME	60,741,782	0.71%	51,467,370	0.65%
NON-OPERATING INCOME	<u>1,340,879</u>	<u>0.02%</u>	<u>1,551,907</u>	<u>0.02%</u>
NET INCOME	62,082,661	0.72%	53,019,277	0.66%

NOTE: Some small statistical errors may occur due to rounding.

**SIGNIFICANT OPERATIONAL RATIOS
FOR THE PERIOD ENDING JUNE 30, 2008**

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	\$500,000,000 >\$500,000,000	TOTAL
Number of Credit Unions	56	53	90	21	30	9	259
CAPITAL ADEQUACY							
Net Worth/Total Assets	22.10%	16.62%	13.10%	11.85%	10.96%	9.51%	10.78%
Net Worth/PCA Optional Total Assets	22.10%	16.62%	13.11%	11.85%	10.99%	9.57%	10.82%
Total Delinquency/Net Worth	10.17%	5.36%	6.66%	7.50%	10.02%	7.78%	8.27%
Solvency Evaluation	128.55%	120.29%	115.35%	113.66%	112.94%	110.95%	112.56%
Classified Assets/Net Worth	6.18%	3.82%	3.83%	5.49%	5.35%	4.91%	4.92%
ASSET QUALITY							
Delinquent Loans/Loans	3.84%	1.39%	1.25%	1.22%	1.37%	0.91%	1.14%
Net Charge Offs/Average Loans	0.57%	0.29%	0.30%	0.34%	0.35%	0.35%	0.34%
Fair Value/Amortized Cost for HTM	100.00%	99.99%	100.21%	99.37%	98.68%	98.96%	99.01%
Accumulated Unrealized Gains or Losses on AFS/Amortized Cost AFS	0.00%	0.00%	-0.68%	-1.27%	-2.56%	-1.91%	-2.02%
Delinquent Loans/Assets	2.25%	0.89%	0.87%	0.89%	1.10%	0.74%	0.89%
EARNINGS (to Average Assets)							
Return on Average Assets	0.03%	0.42%	0.53%	0.61%	0.57%	0.93%	0.72%
Gross Income	5.42%	6.15%	6.94%	6.88%	7.20%	7.23%	7.13%
Yield on Average Loans	6.76%	6.83%	7.09%	6.54%	6.59%	6.47%	6.59%
Yield on Average Investments	2.84%	3.54%	3.78%	3.71%	4.15%	3.91%	3.90%
Fee & Other Operating Income	0.18%	0.47%	1.04%	1.21%	1.38%	1.42%	1.32%
Cost of Funds	1.35%	1.75%	1.99%	2.32%	2.49%	2.76%	2.52%
Net Margin	4.07%	4.40%	4.95%	4.56%	4.71%	4.46%	4.61%
Operating Expense (less PLL)	3.72%	3.80%	4.19%	3.80%	3.93%	3.23%	3.64%
PLL	0.32%	0.19%	0.23%	0.15%	0.22%	0.32%	0.26%
Net Interest Margin	3.89%	3.92%	3.91%	3.35%	3.32%	3.04%	3.28%
Operating Expense/Gross Income	68.68%	61.85%	60.41%	55.26%	54.56%	44.75%	51.02%
Fixed Assets+FRAs**/Assets	0.26%	1.48%	2.95%	3.18%	3.50%	2.54%	2.93%
Net Operating Expense	3.67%	3.47%	3.47%	3.06%	3.10%	2.46%	2.86%
ASSET-LIABILITY MANAGEMENT							
Net Long Term Assets/Assets	2.83%	13.45%	16.36%	23.02%	34.20%	32.56%	29.87%
Shares/Savings+Borrowings	86.20%	58.22%	38.04%	24.52%	21.73%	15.66%	21.90%
Loans/Savings	75.54%	79.11%	82.10%	86.51%	96.75%	94.94%	92.89%
Loans/Assets	58.52%	64.36%	69.83%	73.07%	80.24%	81.45%	78.56%
Cash + ST Investments/Assets	37.42%	26.11%	18.60%	13.45%	8.10%	9.64%	10.94%
Shares, Deposits & Borrowings/Earning Assets	77.85%	85.77%	92.36%	92.87%	94.59%	94.66%	94.00%
Shares + Drafts/Savings + Borrowings	87.22%	65.98%	51.80%	36.84%	34.05%	27.36%	34.02%
Borrowings/Shares & Net Worth	0.00%	0.93%	1.06%	1.56%	5.24%	3.94%	3.72%

NOTE: Some small statistical errors may occur due to rounding.

**SIGNIFICANT OPERATIONAL RATIOS
FOR THE PERIOD ENDING JUNE 30, 2008**

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	\$100,000,001- >\$500,000,000	TOTAL
Number of Credit Unions	56	53	90	21	30	90	259
OTHER RATIOS							
Net Worth Growth	-1.98%	1.64%	3.94%	5.04%	5.47%	9.82%	6.75%
Savings Growth	11.85%	13.51%	15.39%	17.27%	10.21%	20.50%	16.11%
Loan Growth	-9.83%	-4.94%	1.83%	11.29%	6.84%	13.47%	9.43%
Asset Growth	8.42%	12.96%	13.96%	16.24%	9.66%	18.66%	14.78%
Investment Growth	32.13%	37.83%	74.70%	-7.16%	56.87%	63.26%	51.95%
Investments/Assets	15.51%	21.18%	15.06%	14.84%	9.22%	6.15%	9.24%
Employee Cost/Gross Income	34.16%	33.86%	30.02%	28.48%	29.00%	23.98%	26.89%
Employee Cost/ Avg. Assets	1.85%	2.08%	2.08%	1.96%	2.09%	1.73%	1.92%
Average Loan Balance	\$6,815	\$8,778	\$10,056	\$12,190	\$13,374	\$11,650	\$11,915
Average Savings Balance	\$1,959	\$2,629	\$2,900	\$3,576	\$3,561	\$4,346	\$3,733

***Foreclosed and Repossessed Assets*

NOTE: Some small statistical errors may occur 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	260
CAPITAL ADEQUACY						
Net Worth/Total Assets	10.82%	10.90%	11.08%	11.12%	11.17%	11.19%
Total Delinquency/Net Worth	7.46%	7.28%	6.38%	7.65%	7.91%	9.17%
Solvency Evaluation	112.48%	112.62%	113.04%	113.22%	113.20%	113.21%
Classified Assets/Net Worth	4.49%	4.62%	4.52%	4.81%	4.71%	5.11%
ASSET QUALITY						
Delinquent Loans/Loans	1.10%	1.05%	0.89%	1.05%	1.09%	1.27%
Net Charge Offs/Average 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%	0.70%
Net Operating Expense	2.91%	2.88%	2.80%	2.86%	2.84%	2.85%
Fixed Assets+FRAs**/Assets	2.49%	2.54%	2.71%	3.03%	3.00%	3.08%
Gross Income	7.36%	6.67%	6.09%	6.48%	7.01%	7.44%
Cost of Funds	2.20%	1.61%	1.32%	1.75%	2.45%	2.79%
Operating Expense (less PLL)	3.71%	3.72%	3.58%	3.64%	3.62%	3.65%
Net Interest Margin	3.89%	3.65%	3.60%	3.51%	3.31%	3.33%
PLL	0.28%	0.29%	0.27%	0.29%	0.28%	0.32%
ASSET-LIABILITY MANAGEMENT						
Net Long Term Assets/Assets	19.91%	24.44%	26.41%	25.10%	26.32%	28.34%
Shares/Savings+Borrowings	29.89%	30.20%	29.28%	26.04%	22.82%	20.63%
Loans/Savings	84.25%	87.62%	93.49%	97.67%	96.66%	95.90%
Loans/Assets	73.14%	75.49%	79.07%	81.28%	81.21%	80.57%
Cash + ST Investments/Assets	14.50%	11.55%	9.14%	8.72%	9.79%	10.12%
OTHER RATIOS						
Savings Growth	9.56%	8.74%	5.26%	6.89%	6.62%	5.57%
Net Worth Growth	11.46%	10.31%	8.92%	8.62%	6.26%	5.92%
Loan Growth	3.98%	13.01%	12.23%	11.21%	5.66%	4.87%
Asset Growth	10.45%	9.49%	7.14%	8.19%	5.75%	5.72%
Investments/Assets	19.02%	18.69%	15.08%	12.62%	7.74%	8.04%
Employee Cost/Gross Income	26.61%	29.77%	31.35%	29.75%	27.16%	25.83%
Employee Cost/ Avg. Assets	1.96%	1.98%	1.91%	1.93%	1.90%	1.92%
Average Loan Balance	\$8,507	\$9,314	\$10,003	\$10,565	\$11,030	\$11,306
Average Savings Balance	\$2,908	\$3,112	\$3,209	\$3,260	\$3,386	\$3,473

**Foreclosed and Repossessed Assets

**ANALYSIS OF INCOME AND EXPENSES TO GROSS INCOME
FOR THE PERIOD ENDING JUNE 30, 2008**

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	\$100,000,001- >\$500,000,000	TOTAL
Number of Credit Unions	56	53	90	21	30	9	259
OPERATING INCOME							
Interest on Loans	76.59%	74.76%	73.51%	70.36%	74.01%	73.76%	73.56%
Less: Interest Refunds	0.27%	0.03%	0.06%	0.05%	0.02%	0.00%	0.02%
Income on Investments	20.38%	17.61%	11.49%	12.11%	6.82%	6.56%	7.88%
Income on Trading Securities	0.00%	0.00%	0.00%	0.00%	-0.01%	0.00%	0.00%
Fee Income	1.05%	5.35%	10.40%	10.75%	11.46%	10.74%	10.84%
Other Operating Income	<u>2.24%</u>	<u>2.32%</u>	<u>4.67%</u>	<u>6.84%</u>	<u>7.73%</u>	<u>8.94%</u>	<u>7.74%</u>
TOTAL INCOME	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
OPERATING EXPENSES							
Employee Costs	34.16%	33.86%	30.02%	28.48%	29.00%	23.98%	26.89%
Travel and Conference	1.17%	0.82%	1.00%	0.92%	0.96%	0.44%	0.72%
Office Occupancy	2.23%	3.38%	4.74%	3.92%	4.08%	3.13%	3.70%
General Operations	13.54%	12.77%	11.39%	11.13%	10.51%	7.72%	9.44%
Education and Promotion	0.89%	0.83%	2.10%	2.52%	2.19%	1.92%	2.06%
Loan Servicing	1.24%	1.19%	3.10%	2.47%	3.59%	3.68%	3.44%
Professional Services	5.28%	4.17%	5.52%	4.26%	2.63%	2.88%	3.25%
Member Insurance	4.26%	1.33%	0.39%	0.23%	0.17%	0.08%	0.18%
Operating Fees	1.18%	0.43%	0.28%	0.21%	0.22%	0.18%	0.22%
Miscellaneous	<u>4.73%</u>	<u>3.08%</u>	<u>1.88%</u>	<u>1.12%</u>	<u>1.21%</u>	<u>0.74%</u>	<u>1.11%</u>
TOTAL ADMINISTRATIVE	68.68%	61.85%	60.41%	55.26%	54.56%	44.75%	51.02%
Provision for Loan Loss	<u>5.90%</u>	<u>3.08%</u>	<u>3.38%</u>	<u>2.14%</u>	<u>3.10%</u>	<u>4.49%</u>	<u>3.69%</u>
TOTAL OPERATING EXPENSE	74.58%	64.93%	63.79%	57.41%	57.66%	49.24%	54.72%
COST OF FUNDS							
Interest on Borrowed Funds	0.03%	0.45%	0.49%	0.68%	2.73%	2.33%	2.07%
Dividends on Savings	<u>24.92%</u>	<u>28.04%</u>	<u>28.13%</u>	<u>33.01%</u>	<u>31.91%</u>	<u>35.90%</u>	<u>33.27%</u>
TOTAL COST OF FUNDS	24.94%	28.49%	28.63%	33.69%	34.63%	38.24%	35.35%
NET INCOME FROM OPERATIONS	0.48%	6.58%	7.58%	8.90%	7.70%	12.52%	9.93%
NON-OPERATING GAIN/LOSS	<u>0.03%</u>	<u>0.24%</u>	<u>-0.01%</u>	<u>0.02%</u>	<u>0.17%</u>	<u>0.35%</u>	<u>0.22%</u>
ADJUSTED NET INCOME	0.50%	6.82%	7.57%	8.93%	7.87%	12.88%	10.15%

NOTE: Some small statistical errors may occur due to rounding.

**ANALYSIS OF INCOME AND EXPENSES TO AVERAGE ASSETS
FOR THE PERIOD ENDING JUNE 30, 2008**

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	56	53	90	21	30	9	259
OPERATING INCOME							
Interest on Loans	4.15%	4.59%	5.10%	4.84%	5.33%	5.33%	5.24%
Less: Interest Refunds	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income on Investments	1.11%	1.08%	0.80%	0.83%	0.49%	0.47%	0.56%
Income on Trading Securities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fee Income	0.06%	0.33%	0.72%	0.74%	0.83%	0.78%	0.77%
Other Operating Income	<u>0.12%</u>	<u>0.14%</u>	<u>0.32%</u>	<u>0.47%</u>	<u>0.56%</u>	<u>0.65%</u>	<u>0.55%</u>
TOTAL INCOME	5.42%	6.15%	6.94%	6.88%	7.20%	7.23%	7.13%
OPERATING EXPENSES							
Employee Costs	1.85%	2.08%	2.08%	1.96%	2.09%	1.73%	1.92%
Travel and Conference	0.06%	0.05%	0.07%	0.06%	0.07%	0.03%	0.05%
Office Occupancy	0.12%	0.21%	0.33%	0.27%	0.29%	0.23%	0.26%
General Operations	0.73%	0.78%	0.79%	0.77%	0.76%	0.56%	0.67%
Education and Promotion	0.05%	0.05%	0.15%	0.17%	0.16%	0.14%	0.15%
Loan Servicing	0.07%	0.07%	0.21%	0.17%	0.26%	0.27%	0.25%
Professional Services	0.29%	0.26%	0.38%	0.29%	0.19%	0.21%	0.23%
Member Insurance	0.23%	0.08%	0.03%	0.02%	0.01%	0.01%	0.01%
Operating Fees	0.06%	0.03%	0.02%	0.01%	0.02%	0.01%	0.02%
Miscellaneous	<u>0.26%</u>	<u>0.19%</u>	<u>0.13%</u>	<u>0.08%</u>	<u>0.09%</u>	<u>0.05%</u>	<u>0.08%</u>
TOTAL ADMINISTRATIVE	3.72%	3.80%	4.19%	3.80%	3.93%	3.23%	3.64%
Provision for Loan Loss	<u>0.32%</u>	<u>0.19%</u>	<u>0.23%</u>	<u>0.15%</u>	<u>0.22%</u>	<u>0.32%</u>	<u>0.26%</u>
TOTAL OPERATING EXPENSE	4.05%	3.99%	4.42%	3.95%	4.15%	3.56%	3.90%
COST OF FUNDS							
Interest on Borrowed Funds	0.00%	0.03%	0.03%	0.05%	0.20%	0.17%	0.15%
Dividends on Savings	<u>1.35%</u>	<u>1.72%</u>	<u>1.95%</u>	<u>2.27%</u>	<u>2.30%</u>	<u>2.59%</u>	<u>2.37%</u>
TOTAL COST OF FUNDS	1.35%	1.75%	1.99%	2.32%	2.49%	2.76%	2.52%
NET INCOME FROM OPERATIONS	0.03%	0.40%	0.53%	0.61%	0.55%	0.91%	0.71%
NON-OPERATING GAIN/LOSS	<u>0.00%</u>	<u>0.01%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.01%</u>	<u>0.03%</u>	<u>0.02%</u>
ADJUSTED NET INCOME	0.03%	0.42%	0.53%	0.61%	0.57%	0.93%	0.72%

NOTE: Some small statistical errors may occur due to rounding.

**LOAN DELINQUENCY
PERIOD ENDING JUNE 30, 2008**

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	\$100,000,001- >\$500,000,000	TOTAL
Number of Credit Unions	56	53	90	21	30	9	259
Loan Delinquency Ratios							
2 - 6 Months Delinquent	2.03%	0.72%	0.80%	0.70%	0.60%	0.48%	0.58%
6 - 12 Months Delinquent	1.00%	0.31%	0.32%	0.31%	0.43%	0.28%	0.34%
Over 12 Months Delinquent	<u>0.80%</u>	<u>0.35%</u>	<u>0.13%</u>	<u>0.21%</u>	<u>0.35%</u>	<u>0.14%</u>	<u>0.22%</u>
Total Delinquent Loans	3.84%	1.39%	1.25%	1.22%	1.37%	0.91%	1.14%
Loan Loss Ratio	0.57%	0.29%	0.30%	0.34%	0.35%	0.35%	0.34%

**ANALYSIS OF LOANS BY TYPE
PERIOD ENDING JUNE 30, 2008**

Number of Credit Unions	56	53	90	21	30	9	259
Loan Types							
Credit Card Loans	0.05%	0.99%	2.59%	1.89%	2.35%	4.33%	3.24%
Unsecured Loans	10.83%	6.41%	3.27%	2.11%	1.82%	1.97%	2.16%
New Auto Loans	24.49%	13.60%	7.75%	7.18%	4.77%	5.50%	5.79%
Used Auto Loans	42.99%	28.48%	20.49%	17.52%	16.40%	12.68%	15.43%
First Mortgages	5.93%	26.84%	41.34%	46.04%	51.04%	45.02%	46.34%
Other Real Estate	7.16%	16.93%	16.62%	17.84%	14.74%	21.11%	18.18%
Leases	0.00%	0.00%	0.02%	0.09%	0.00%	0.00%	0.01%
All Other Loans	<u>8.55%</u>	<u>6.74%</u>	<u>7.91%</u>	<u>7.33%</u>	<u>8.87%</u>	<u>9.38%</u>	<u>8.85%</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%	3.59%	2.06%	2.26%	4.91%	3.08%	3.50%
First Mortgage - Fixed - 15 yrs. Or less	0.28%	8.34%	6.77%	10.28%	9.43%	7.99%	8.49%
First Mortgage - Balloon/Hybrid - > 5 yrs.	0.39%	3.51%	2.26%	8.86%	4.89%	4.53%	4.71%
First Mortgage - Balloon/Hybrid - 5 yrs. Or less	4.33%	10.69%	22.80%	15.31%	18.73%	16.12%	17.56%
First Mortgage - Other Fixed Rate	0.92%	0.08%	0.41%	0.05%	0.33%	0.52%	0.40%
First Mortgage - Adjustable - 1 year or less	0.00%	0.05%	1.62%	4.05%	4.55%	2.30%	3.07%
First Mortgage - Adjustable - > 1 year	0.00%	0.58%	5.41%	5.22%	8.20%	10.48%	8.61%
Other - Closed End Fixed	5.85%	14.07%	10.38%	10.65%	7.14%	10.89%	9.61%
Other - Closed End Adjustable	1.04%	1.51%	3.04%	1.41%	1.44%	0.83%	1.33%
Other - Open End Adjustable	0.27%	1.35%	3.20%	5.70%	6.00%	9.39%	7.17%
Other - Open End Fixed	0.00%	0.00%	0.01%	0.07%	0.17%	0.01%	0.06%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Real Estate (as a percent of loans)	13.09%	43.78%	57.97%	63.88%	65.78%	66.14%	64.52%
Total Real Estate (as a percent of assets)	7.66%	28.18%	40.48%	46.67%	52.78%	53.87%	50.69%

*This page does not include loans Held for Sale

NOTE: Some small statistical errors may occur due to rounding.

**ANALYSIS OF SAVINGS BY TYPE
PERIOD ENDING JUNE 30, 2008**

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	\$ 1,000,000,001- >\$500,000,000	TOTAL
Number of Credit Unions	56	53	90	21	30	9	259
Share Drafts	1.12%	8.20%	14.12%	12.95%	13.25%	12.70%	12.97%
Regular Shares	86.11%	58.52%	38.31%	24.54%	22.82%	15.86%	22.47%
Money Market Shares	0.98%	4.07%	10.50%	22.60%	20.71%	29.74%	23.39%
Share Certificates	10.72%	23.87%	28.76%	29.65%	33.86%	33.75%	32.60%
IRA Accounts	0.99%	4.31%	7.86%	8.06%	8.77%	7.39%	7.88%
All Other Shares	<u>0.09%</u>	<u>1.03%</u>	<u>0.45%</u>	<u>2.20%</u>	<u>0.59%</u>	<u>0.56%</u>	<u>0.70%</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, 2008**

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	\$ 1,000,000,001- >\$500,000,000	TOTAL
Number of Credit Unions	56	53	90	21	30	9	259
Trading Securities	0.00%	0.00%	0.00%	0.00%	0.05%	0.00%	0.02%
Available for Sale Securities	0.00%	0.00%	8.68%	13.73%	31.99%	56.33%	30.76%
Held-to-Maturity Securities	0.00%	3.13%	2.29%	9.48%	9.92%	4.74%	6.45%
Commercial Banks, S&Ls, and Mutual Savings Banks	56.94%	63.59%	66.71%	46.97%	22.81%	6.50%	31.77%
Credit Unions	8.75%	11.98%	5.11%	4.43%	0.61%	1.12%	2.65%
Corporate Credit Unions	33.87%	21.14%	16.72%	24.78%	28.45%	27.03%	24.90%
Other Investments	<u>0.44%</u>	<u>0.15%</u>	<u>0.49%</u>	<u>0.62%</u>	<u>6.16%</u>	<u>4.28%</u>	<u>3.45%</u>
Total Investments	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

NOTE: Some small statistical errors may occur due to rounding.