

2011 MID-YEAR CREDIT UNION BULLETIN

DIRECTOR'S COMMENTS ON FINANCIAL PERFORMANCE

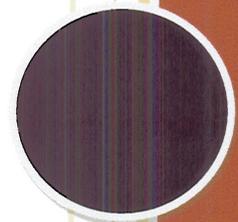
This bulletin highlights the 2011 mid-year financial trends for Wisconsin's 216 state-chartered credit unions. The analysis is based on data compiled from the June 2011 call reports. This information is provided to keep you informed of current conditions and trends in the Wisconsin credit union industry.

Total assets increased to \$21.6 billion, up from \$20.7 billion as of yearend 2010. The net worth ratio remained strong at 9.82%. Net income was \$55.6 million resulting in a return on average assets ratio of 0.53%.

Loans outstanding grew by \$286 million for the first half of the year and savings grew by \$860 million resulting in a loan to savings ratio of 85.6%. The delinquency ratio was 1.84% compared to 1.87% as of December 31, 2010.

The financial indicators for Wisconsin's state-chartered credit unions exhibit sound financial performance for the first half of 2011.

Ginger Larson, Director



2011 MID-YEAR CREDIT UNION BULLETIN

EXAMINER NEWS

Femi Ibitoye was promoted to a Financial Examiner Supervisor in the Madison office. Femi was a senior examiner from the Milwaukee area. Carrie Murphy was hired to fill Femi's vacancy in the Milwaukee territory.

INDIRECT DEALER PROGRAMS

In March 2000, General Letter CU 1-90, Dealer Indirect Paper, was sent to all credit unions. This letter is available on our website at www.wdft.org. All credit unions involved in indirect dealer programs should review this letter to ensure the procedures outlined in this letter are being followed.

INFORMATION TECHNOLOGY

WHY THE NEED FOR STRONG PASSWORDS

The reason we need to have strong passwords on the electronic systems we access is very simple, there are bad people out there. Despite the fact that we want to believe that people will "do the right thing", experience has proven that this is not the case.

The use of a strong password is the easiest and most effective way of preventing the theft of data in an organization. The longer and more complex a password is, the longer it will take a criminal to crack it. The more complex a password becomes the time it takes a criminal to break it increases from hours to days to months to even years.

You may be wondering what is now considered a strong password. With the increase of internet or online crime and the increase of insider theft, the standard for what is considered a strong password has increased. There was a time when six characters were considered adequate for access to most systems. As computers have become more powerful, it has become easier for criminals to steal your password.

The two main ways criminals crack passwords is through dictionary scanner attacks or brute force attacks. A dictionary scanner is loaded with every word in the dictionary and many times with multiple languages. Attackers will try every word in the dictionary in hopes that you used a simple password. With modern computers, this attack now only takes about two minutes.

A brute force cracking program will try different combinations of letters and numbers in the hope of hitting the correct combination. Modern computers can normally average between 100,000 and 200,000 tries per second and as computers become faster, the number of tries per second only increases.

Because of the ease in which criminals can now crack passwords, the industry standard now is to have passwords at least eight characters in length for all systems. The length of a password alone is not enough to make it a strong password. The password must also contain at least three of the following four classes.

1. Upper Case Letters
2. Lower Case Letters
3. Numbers
4. Special Characters (#,@,&,\$,%!+)

Here are some do's and don'ts for strong passwords:

Don'ts

Do not use the words "password", "passcode", "admin", "letmein" or any form of those words.

Do not use your username or login name as a password.

Do not write your password down on a piece of paper and put in under your keyboard.

Do not share your account or password with co-workers. Most people wouldn't give a co-worker keys to their house and car so why would you give them access to your password and account.

Do's

Do change your password between 30-90 days or if you think it has been compromised.

Do lock your workstation when you walk away from it.

Do follow your password policy and procedures.

If you would like to know more about security or just want to stay up to date on the latest topics in the industry, the following sites will help get you on your way.

1. <http://www.us-cert.gov>
2. <http://www.cert.org>
3. <http://www.sans.org>
4. <http://www.ffiec.gov>

CREDIT UNION ONLINE (CU ONLINE)

Because of a change in the website, to access the login page for CU Online, credit unions must use an operating system that supports the SHA-2 certificate standard for encryption. This functionality is built in natively to Windows 7, Windows Vista, and Macintosh OS X. Windows XP supports SHA-2 certificates with Service Pack 3 and Windows Server 2003 provides compatibility with a hotfix. Windows 2000 and older operating systems are no longer supported by Microsoft and do not support the SHA-2 certificate standard.

Credit unions using older operating systems, such as Windows 2000, will no longer be able to login to CU Online and will need to upgrade to an operating system that supports SHA-2 such as Windows XP SP3 or later. Credit unions that are unable to upgrade their computer system will be required to submit their Call Report and Profile data to our office manually.

NCUA will be sending an email to all credit unions in September.

**COMPARISON STATEMENTS OF CONDITION
OF WISCONSIN CREDIT UNIONS
JUNE 30, 2011 and DECEMBER 31, 2010**

	<u>June 30, 2011</u>		<u>December 31, 2010</u>		<u>Increase or Decrease</u>	<u>% Change</u>
Number of Credit Unions	216		223		-7	-3.1%
	<u>AMOUNT</u>	<u>% OF ASSETS</u>	<u>AMOUNT</u>	<u>% OF ASSETS</u>		
ASSETS						
Personal Loans	5,701,918,409	26.4%	5,629,412,171	27.2%	72,506,238	1.3%
Real Estate Loans	<u>10,355,727,299</u>	48.0%	<u>10,132,251,425</u>	49.0%	<u>223,475,874</u>	2.2%
Total Loans	16,057,645,708	74.4%	15,761,663,596	76.2%	295,982,112	1.9%
Allowance for Loan Losses	<u>185,557,541</u>	0.9%	<u>175,430,497</u>	0.8%	<u>10,127,044</u>	5.8%
Net Loans	15,872,088,167	73.6%	15,586,233,099	75.3%	285,855,068	1.8%
Cash	1,809,471,251	8.4%	1,576,233,567	7.6%	233,237,684	14.8%
Investments	2,675,962,944	12.4%	2,253,009,075	10.9%	422,953,869	18.8%
Fixed Assets	635,686,615	2.9%	642,431,825	3.1%	-6,745,210	-1.0%
Other Assets	<u>578,950,743</u>	2.7%	<u>627,511,480</u>	3.0%	<u>-48,560,737</u>	-7.7%
TOTAL ASSETS	<u><u>21,572,159,720</u></u>	100.0%	<u><u>20,685,419,046</u></u>	100.0%	<u><u>886,740,674</u></u>	4.3%
LIABILITIES						
Regular Shares	4,666,418,026	21.6%	4,144,094,488	20.0%	522,323,538	12.6%
Share Drafts	2,475,082,606	11.5%	2,361,380,510	11.4%	113,702,096	4.8%
Other Shares & Deposits	<u>11,711,852,782</u>	54.3%	<u>11,487,522,254</u>	55.5%	<u>224,330,528</u>	2.0%
Total Savings	18,853,353,414	87.4%	17,992,997,252	87.0%	860,356,162	4.8%
Notes and Accounts Pay.	609,117,027	2.8%	643,383,287	3.1%	-34,266,260	-5.3%
Regular Reserve	830,157,845	3.8%	817,327,298	4.0%	12,830,547	1.6%
Other Reserves	<u>1,279,531,434</u>	5.9%	<u>1,231,711,209</u>	6.0%	<u>47,820,225</u>	3.9%
TOTAL LIABILITIES	<u><u>21,572,159,720</u></u>	100.0%	<u><u>20,685,419,046</u></u>	100.0%	<u><u>886,740,674</u></u>	4.3%

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

**STATEMENT OF INCOME
FOR WISCONSIN CREDIT UNIONS
FOR THE PERIOD ENDING JUNE 30, 2011**

INCOME	<u>AMOUNT</u>	<u>% OF GROSS INCOME</u>	<u>% OF AVERAGE ASSETS</u>
Interest on Loans	423,270,914	72.83%	4.01%
Less: Interest Refunds	<u>76,317</u>	0.01%	0.00%
Net Interest Income	423,194,597	72.82%	4.01%
Income on Investments	24,543,522	4.22%	0.23%
Other Income	<u>133,430,498</u>	22.96%	1.26%
TOTAL OPERATING INCOME	581,168,617	100.00%	5.50%
ADMINISTRATIVE EXPENSES			
Employee Costs	184,584,763	31.76%	1.75%
Travel and Conference	3,169,664	0.55%	0.03%
Office Occupancy	27,128,590	4.67%	0.26%
General Operations	62,336,679	10.73%	0.59%
Education and Promotion	12,864,522	2.21%	0.12%
Loan Servicing	28,158,917	4.85%	0.27%
Professional Services	24,907,608	4.29%	0.24%
Member Insurance	21,071,403	3.63%	0.20%
Operating Fees	1,494,769	0.26%	0.01%
Other Operational Expenses	<u>9,823,200</u>	1.69%	0.09%
TOTAL ADMINISTRATIVE	375,540,115	64.62%	3.55%
Provision for Loan Loss	<u>53,180,166</u>	9.15%	0.50%
TOTAL OPERATING EXPENSES	428,720,281	73.77%	4.06%
COST OF ACQUISITION OF FUNDS			
Dividends Paid on Savings	89,050,276	15.32%	0.84%
Interest on Borrowed Funds	<u>6,756,102</u>	1.16%	0.06%
TOTAL COST OF FUNDS	<u>95,806,378</u>	16.49%	0.91%
TOTAL EXPENSES	524,526,659	90.25%	4.97%
NET OPERATING INCOME	56,641,958	9.75%	0.54%
NON-OPERATING GAIN/LOSS	<u>-1,002,194</u>	-0.17%	-0.01%
NET INCOME	55,639,764	9.57%	0.53%
NCUA PREMIUMS AND ASSESSMENTS	10,850,375	1.87%	0.10%
NET INCOME (LOSS)	66,490,139	11.44%	0.63%

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

**COMPARISON STATEMENTS OF INCOME
FOR WISCONSIN CREDIT UNIONS
FOR THE PERIODS ENDING JUNE 30, 2011 AND JUNE 30, 2010**

	2011	% OF AVERAGE	2010	% OF AVERAGE
	<u>AMOUNT</u>	<u>ASSETS</u>	<u>AMOUNT</u>	<u>ASSETS</u>
INCOME				
Interest on Loans	423,270,914	4.01%	435,120,693	4.32%
Less: Interest Refunds	<u>76,317</u>	<u>0.00%</u>	<u>129,721</u>	<u>0.00%</u>
Net Interest Income	423,194,597	4.01%	434,990,972	4.32%
Income on Investments	24,543,522	0.23%	25,790,635	0.26%
Other Income	<u>133,430,498</u>	<u>1.26%</u>	<u>129,801,452</u>	<u>1.29%</u>
TOTAL OPERATING INCOME	581,168,617	5.50%	590,583,059	5.86%
ADMINISTRATIVE EXPENSES				
Employee Costs	184,584,763	1.75%	180,579,412	1.79%
Travel and Conference	3,169,664	0.03%	3,731,452	0.04%
Office Occupancy	27,128,590	0.26%	25,110,200	0.25%
General Operations	62,336,679	0.59%	62,090,433	0.62%
Education and Promotion	12,864,522	0.12%	12,157,019	0.12%
Loan Servicing	28,158,917	0.27%	25,961,917	0.26%
Professional Services	24,907,608	0.24%	23,264,314	0.23%
Member Insurance*	21,071,403	0.20%	2,176,425	0.02%
Operating Fees	1,494,769	0.01%	1,548,820	0.02%
Other Operational Expenses	<u>9,823,200</u>	<u>0.09%</u>	<u>11,240,996</u>	<u>0.11%</u>
TOTAL ADMINISTRATIVE	375,540,115	3.55%	347,860,988	3.45%
Provision for Loan Loss	<u>53,180,166</u>	<u>0.50%</u>	<u>54,186,379</u>	<u>0.54%</u>
TOTAL OPERATING EXPENSES	428,720,281	4.06%	402,047,367	3.99%
COST OF ACQUISITION OF FUNDS				
Dividends Paid on Savings	89,050,276	0.84%	123,063,941	1.22%
Interest on Borrowed Funds	<u>6,756,102</u>	<u>0.06%</u>	<u>9,224,649</u>	<u>0.09%</u>
TOTAL COST OF FUNDS	<u>95,806,378</u>	<u>0.91%</u>	<u>132,288,590</u>	<u>1.31%</u>
TOTAL EXPENSES	524,526,659	4.97%	534,335,957	5.31%
NET OPERATING INCOME	56,641,958	0.54%	56,247,102	0.56%
NON-OPERATING GAIN/LOSS	<u>-1,002,194</u>	<u>-0.01%</u>	<u>-1,728,259</u>	<u>-0.02%</u>
NET INCOME	55,639,764	0.53%	54,518,843	0.54%
NCUA PREMIUMS & ASSESSMENTS	10,850,375	0.10%	22,206,473	0.11%
NET INCOME (LOSS)	66,490,139	0.63%	32,312,370	0.32%

*Includes NCUSIF Premium Expense and Temporary Corporate CU Stabilization Fund Assessment in 2011

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

**SIGNIFICANT OPERATIONAL RATIOS
FOR ALL WISCONSIN CREDIT UNIONS
2006-2011**

	2006	2007	2008	2009	2010	2011
Number of Credit Unions	267	260	250	236	223	216
CAPITAL ADEQUACY						
Net Worth/Total Assets	11.17%	11.19%	10.68%	10.08%	9.99%	9.82%
Total Delinquency/Net Worth	7.91%	9.17%	10.96%	15.53%	14.30%	13.97%
Solvency Evaluation	113.20%	113.21%	112.58%	111.55%	111.38%	111.18%
Classified Assets/Net Worth	4.71%	5.11%	5.94%	7.91%	8.49%	8.76%
ASSET QUALITY						
Delinquent Loans/Loans	1.09%	1.27%	1.44%	2.01%	1.87%	1.84%
Net Charge Offs/Avg. Loans	0.31%	0.31%	0.38%	0.66%	0.60%	0.63%
EARNINGS (to Average Assets)						
Return on Average Assets	0.70%	0.70%	0.53%	0.46%	0.47%	0.53%
Net Operating Expense	2.84%	2.85%	2.87%	2.78%	3.00%	2.89%
Fixed Assets+FRA's**/Assets	3.00%	3.08%	2.99%	3.11%	3.11%	2.95%
Gross Income	7.01%	7.44%	7.07%	6.47%	6.02%	5.50%
Cost of Funds	2.45%	2.79%	2.38%	1.71%	1.19%	0.91%
Operating Exp. (less PLL)	3.62%	3.65%	3.66%	3.54%	3.67%	3.55%
Net Interest Margin	3.31%	3.33%	3.35%	3.25%	3.37%	3.33%
PLL	0.28%	0.32%	0.42%	0.73%	0.63%	0.50%
ASSET-LIABILITY MANAGEMENT						
Net Long Term Assets/Assets	26.32%	28.34%	39.03%	31.32%	30.42%	31.63%
Shares/Savings+Borrowings	22.82%	20.63%	20.04%	20.48%	22.80%	24.56%
Loans/Savings	96.66%	95.90%	97.48%	90.69%	88.05%	85.61%
Loans/Assets	81.21%	80.57%	81.08%	78.04%	76.20%	74.44%
Cash + ST Invest./Assets	9.79%	10.12%	9.04%	11.41%	11.86%	12.84%
OTHER RATIOS						
Savings Growth	6.62%	5.57%	8.98%	11.58%	6.92%	9.56%
Net Worth Growth	6.26%	5.92%	4.83%	4.09%	5.76%	5.13%
Loan Growth	5.66%	4.87%	10.61%	4.38%	3.23%	3.76%
Asset Growth	5.75%	5.72%	9.91%	8.63%	5.71%	8.57%
Investments/Assets	7.74%	8.04%	8.67%	10.44%	10.89%	12.40%
Employee Cost/Gross Inc.	27.16%	25.83%	27.14%	28.68%	29.86%	31.76%
Employee Cost/ Avg. Assets	1.90%	1.92%	1.92%	1.86%	1.80%	1.75%
Average Loan Balance	\$11,030	\$11,306	\$11,777	\$11,535	\$11,706	\$11,925
Average Savings Balance	\$3,386	\$3,473	\$3,661	\$4,023	\$4,211	\$4,325

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

**Foreclosed and Repossessed Assets

**SIGNIFICANT OPERATIONAL RATIOS
FOR THE PERIOD ENDING JUNE 30, 2011**

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	35	34	83	22	33	9	216
CAPITAL ADEQUACY							
Net Worth/Total Assets	20.56%	15.91%	11.82%	10.89%	10.20%	8.98%	9.82%
Net Worth/PCA Optional Total Assets	20.56%	15.92%	11.82%	10.90%	10.22%	8.98%	9.83%
Total Delinquency/Net Worth	8.16%	7.37%	9.06%	8.38%	15.30%	15.34%	13.97%
Solvency Evaluation	125.97%	119.08%	113.40%	112.38%	111.66%	110.21%	111.18%
Classified Assets/Net Worth	5.82%	3.79%	6.58%	5.77%	9.79%	9.21%	8.76%
ASSET QUALITY							
Delinquent Loans/Loans	3.00%	2.21%	1.71%	1.31%	2.05%	1.80%	1.84%
Net Charge Offs/Avg. Loans	0.44%	0.60%	0.55%	0.36%	0.52%	0.74%	0.63%
Fair Value/Amortized Cost for HTM	N/A	99.99%	100.12%	99.84%	99.63%	100.87%	99.87%
Accumulated Unrealized Gains or Losses on AFS/Amortized Cost AFS	N/A	N/A	0.50%	1.56%	-0.36%	0.84%	0.73%
Delinquent Loans/Assets	1.68%	1.17%	1.07%	0.91%	1.56%	1.38%	1.37%
EARNINGS (to Average Assets)							
Return on Average Assets	-0.53%	-0.19%	-0.03%	0.34%	0.39%	0.74%	0.53%
ROAA Excluding NCUA expenses	-0.46%	-0.04%	0.18%	0.50%	0.54%	0.79%	0.63%
Gross Income	4.08%	4.32%	5.01%	5.33%	5.65%	5.54%	5.50%
Yield on Average Loans	6.31%	6.18%	5.89%	5.65%	5.45%	5.11%	5.32%
Yield on Average Investments	0.85%	1.30%	1.29%	1.61%	1.22%	1.17%	1.24%
Fee & Other Op. Income	0.12%	0.39%	0.85%	0.98%	1.27%	1.39%	1.26%
Cost of Funds	0.63%	0.56%	0.61%	0.83%	0.95%	0.95%	0.91%
Net Margin	3.45%	3.76%	4.40%	4.51%	4.70%	4.59%	4.59%
Operating Exp. (less PLL)	3.65%	3.54%	3.99%	3.70%	3.78%	3.32%	3.55%
PLL	0.44%	0.43%	0.38%	0.44%	0.52%	0.53%	0.50%
Net Interest Margin	3.33%	3.37%	3.54%	3.53%	3.43%	3.21%	3.33%
Operating Exp./Gross Income	89.52%	81.87%	79.69%	69.37%	66.95%	59.94%	64.62%
Fixed Assets+FRA's**/Assets	0.20%	1.20%	2.61%	3.21%	3.65%	2.59%	2.95%
Net Operating Expense	3.59%	3.26%	3.42%	3.08%	3.06%	2.67%	2.89%
ASSET-LIABILITY MANAGEMENT							
Net Long Term Assets/Assets	1.56%	15.11%	17.17%	23.46%	32.35%	35.16%	31.63%
Shares/Savings+Borrowings	81.83%	69.70%	44.06%	28.01%	25.51%	19.47%	24.56%
Loans/Savings	70.71%	63.73%	71.76%	80.14%	87.99%	87.70%	85.61%
Loans/Assets	55.97%	53.11%	62.44%	69.80%	75.99%	76.60%	74.44%
Cash + ST Invest./Assets	34.96%	28.33%	22.36%	15.20%	12.28%	10.90%	12.84%
Shares, Deposits & Borrowings/Earning Assets	79.71%	85.97%	92.95%	94.10%	95.02%	94.92%	94.62%
Shares + Drafts/Savings+Borrowings	83.40%	75.00%	58.28%	41.76%	39.49%	30.89%	37.12%
Borrowings/Shares & Net Worth	0.00%	0.00%	0.16%	0.41%	2.12%	2.18%	1.83%
OTHER RATIOS							
Net Worth Growth	-1.37%	-1.16%	-0.49%	2.85%	3.63%	8.11%	5.13%
Savings Growth	4.67%	7.29%	7.26%	7.78%	8.91%	10.64%	9.56%
Loan Growth	3.38%	-5.06%	-2.00%	2.32%	3.20%	5.21%	3.76%
Asset Growth	3.29%	5.96%	6.46%	6.38%	7.47%	9.97%	8.57%
Investment Growth	-48.22%	15.17%	20.46%	32.81%	42.82%	36.59%	34.55%
Investments/Assets	19.19%	31.52%	23.44%	18.16%	10.83%	10.33%	12.40%
Employee Cost/Gross Inc.	43.76%	42.74%	36.76%	34.79%	33.82%	29.17%	31.76%
Employee Cost/ Avg. Assets	1.78%	1.85%	1.84%	1.85%	1.91%	1.62%	1.75%
Average Loan Balance	\$6,754	\$8,035	\$9,793	\$11,969	\$14,611	\$11,134	\$11,925
Average Savings Balance	\$2,092	\$3,035	\$3,246	\$3,834	\$4,186	\$4,823	\$4,325

**Foreclosed and Repossessed Assets

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

**ANALYSIS OF INCOME AND EXPENSES TO GROSS INCOME
FOR THE PERIOD ENDING JUNE 30, 2011**

Peer Groups by Assets	\$ 2,000,001- <\$2,000,000	\$ 10,000,001- \$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	35	34	83	22	33	9	216
OPERATING INCOME							
Interest on Loans	86.56%	78.12%	75.01%	74.79%	74.08%	71.37%	72.83%
Less: Interest Refunds	0.00%	0.00%	0.05%	0.05%	0.02%	0.00%	0.01%
Income on Investments	10.57%	12.93%	7.97%	6.90%	3.50%	3.60%	4.22%
Income on Trading Securities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fee Income	1.56%	6.41%	11.42%	11.57%	12.88%	11.82%	12.06%
Other Operating Income	<u>1.31%</u>	<u>2.54%</u>	<u>5.64%</u>	<u>6.79%</u>	<u>9.56%</u>	<u>13.21%</u>	<u>10.90%</u>
TOTAL INCOME	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
OPERATING EXPENSES							
Employee Costs	43.76%	42.74%	36.76%	34.79%	33.82%	29.17%	31.76%
Travel and Conference	1.05%	0.78%	0.89%	0.95%	0.62%	0.39%	0.55%
Office Occupancy	3.20%	4.23%	6.12%	4.88%	5.04%	4.19%	4.67%
General Operations	19.85%	15.97%	14.17%	12.07%	11.65%	9.36%	10.73%
Education and Promotion	0.85%	0.44%	1.69%	2.04%	2.20%	2.35%	2.21%
Loan Servicing	1.93%	1.73%	4.76%	2.70%	4.44%	5.43%	4.85%
Professional Services	4.96%	5.80%	7.49%	6.07%	3.76%	3.84%	4.29%
Member Insurance	5.89%	5.35%	4.82%	3.78%	3.39%	3.53%	3.63%
Operating Fees	1.99%	0.85%	0.53%	0.27%	0.27%	0.19%	0.26%
Miscellaneous	<u>6.03%</u>	<u>3.98%</u>	<u>2.46%</u>	<u>1.82%</u>	<u>1.75%</u>	<u>1.48%</u>	<u>1.69%</u>
TOTAL ADMINISTRATIVE	89.52%	81.87%	79.69%	69.37%	66.95%	59.94%	64.62%
Provision for Loan Loss	<u>10.69%</u>	<u>9.89%</u>	<u>7.50%</u>	<u>8.30%</u>	<u>9.12%</u>	<u>9.53%</u>	<u>9.15%</u>
TOTAL OPERATING EXP.	100.21%	91.76%	87.19%	77.67%	76.06%	69.47%	73.77%
COST OF FUNDS							
Interest on Borrowed Funds	0.00%	0.01%	0.04%	0.16%	1.44%	1.32%	1.16%
Dividends on Savings	<u>15.38%</u>	<u>12.98%</u>	<u>12.17%</u>	<u>15.35%</u>	<u>15.43%</u>	<u>15.78%</u>	<u>15.32%</u>
TOTAL COST OF FUNDS	15.38%	12.98%	12.21%	15.51%	16.87%	17.10%	16.49%
NET INCOME FROM OPERATIONS	-15.59%	-4.75%	0.60%	6.82%	7.07%	13.43%	9.75%
NON-OPERATING GAIN/LOSS	<u>2.60%</u>	<u>0.26%</u>	<u>-1.11%</u>	<u>-0.39%</u>	<u>-0.18%</u>	<u>0.00%</u>	<u>-0.17%</u>
NET INCOME	-12.99%	-4.48%	-0.51%	6.44%	6.89%	13.43%	9.57%
NCUA EXPENSES	1.66%	3.51%	4.10%	2.95%	2.61%	0.90%	1.87%
ADJUSTED NET INCOME (LOSS)	-11.33%	-0.97%	3.59%	9.39%	9.50%	14.33%	11.44%

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

**ANALYSIS OF INCOME AND EXPENSES TO AVERAGE ASSETS
FOR THE PERIOD ENDING JUNE 30, 2011**

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	35	34	83	22	33	9	216
OPERATING INCOME							
Interest on Loans	3.53%	3.37%	3.76%	3.99%	4.19%	3.96%	4.01%
Less: Interest Refunds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income on Investments	0.43%	0.56%	0.40%	0.37%	0.20%	0.20%	0.23%
Income on Trading Securities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fee Income	0.06%	0.28%	0.57%	0.62%	0.73%	0.66%	0.66%
Other Operating Income	<u>0.05%</u>	<u>0.11%</u>	<u>0.28%</u>	<u>0.36%</u>	<u>0.54%</u>	<u>0.73%</u>	<u>0.60%</u>
TOTAL INCOME	4.08%	4.32%	5.01%	5.33%	5.65%	5.54%	5.50%
OPERATING EXPENSES							
Employee Costs	1.78%	1.85%	1.84%	1.85%	1.91%	1.62%	1.75%
Travel and Conference	0.04%	0.03%	0.04%	0.05%	0.04%	0.02%	0.03%
Office Occupancy	0.13%	0.18%	0.31%	0.26%	0.28%	0.23%	0.26%
General Operations	0.81%	0.69%	0.71%	0.64%	0.66%	0.52%	0.59%
Education and Promotion	0.03%	0.02%	0.08%	0.11%	0.12%	0.13%	0.12%
Loan Servicing	0.08%	0.07%	0.24%	0.14%	0.25%	0.30%	0.27%
Professional Services	0.20%	0.25%	0.38%	0.32%	0.21%	0.21%	0.24%
Member Insurance	0.24%	0.23%	0.24%	0.20%	0.19%	0.20%	0.20%
Operating Fees	0.08%	0.04%	0.03%	0.01%	0.02%	0.01%	0.01%
Miscellaneous	<u>0.25%</u>	<u>0.17%</u>	<u>0.12%</u>	<u>0.10%</u>	<u>0.10%</u>	<u>0.08%</u>	<u>0.09%</u>
TOTAL ADMINISTRATIVE	3.65%	3.54%	3.99%	3.70%	3.78%	3.32%	3.55%
Provision for Loan Loss	<u>0.44%</u>	<u>0.43%</u>	<u>0.38%</u>	<u>0.44%</u>	<u>0.52%</u>	<u>0.53%</u>	<u>0.50%</u>
TOTAL OPERATING EXP.	4.09%	3.96%	4.37%	4.14%	4.30%	3.85%	4.06%
COST OF FUNDS							
Interest on Borrowed Funds	0.00%	0.00%	0.00%	0.01%	0.08%	0.07%	0.06%
Dividends on Savings	<u>0.63%</u>	<u>0.56%</u>	<u>0.61%</u>	<u>0.82%</u>	<u>0.87%</u>	<u>0.87%</u>	<u>0.84%</u>
TOTAL COST OF FUNDS	0.63%	0.56%	0.61%	0.83%	0.95%	0.95%	0.91%
NET INCOME FROM OPERATIONS	-0.64%	-0.21%	0.03%	0.36%	0.40%	0.74%	0.54%
NON-OPERATING GAIN/LOSS	<u>0.11%</u>	<u>0.01%</u>	<u>-0.06%</u>	<u>-0.02%</u>	<u>-0.01%</u>	<u>0.00%</u>	<u>-0.01%</u>
NET INCOME	-0.53%	-0.19%	-0.03%	0.34%	0.39%	0.74%	0.53%
NCUA EXPENSES	<u>0.07%</u>	<u>0.15%</u>	<u>0.21%</u>	<u>0.16%</u>	<u>0.15%</u>	<u>0.05%</u>	<u>0.10%</u>
ADJUSTED NET INCOME (LOSS)	-0.46%	-0.04%	0.18%	0.50%	0.54%	0.79%	0.63%

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

LOAN DELINQUENCY
PERIOD ENDING JUNE 30, 2011

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	35	34	83	22	33	9	216
Loan Delinquency Ratios							
2 - 6 Months Delinquent	1.09%	1.06%	0.87%	0.74%	0.92%	0.75%	0.81%
6 - 12 Months Delinquent	1.35%	0.65%	0.52%	0.40%	0.69%	0.68%	0.65%
Over 12 Months Delinquent	<u>0.56%</u>	<u>0.50%</u>	<u>0.33%</u>	<u>0.17%</u>	<u>0.44%</u>	<u>0.37%</u>	<u>0.38%</u>
Total Delinquent Loans	3.00%	2.21%	1.71%	1.31%	2.05%	1.80%	1.84%
Loan Loss Ratio	0.44%	0.60%	0.55%	0.36%	0.52%	0.74%	0.63%

ANALYSIS OF LOANS BY TYPE
PERIOD ENDING JUNE 30, 2011

Number of Credit Unions	35	34	83	22	33	9	216
Loan Types							
Credit Card Loans	0.19%	0.74%	2.97%	2.37%	1.75%	4.88%	3.56%
Unsecured Loans	8.47%	8.56%	3.41%	1.86%	1.76%	1.75%	1.93%
New Auto Loans	19.79%	12.57%	6.97%	5.07%	3.11%	3.89%	4.03%
Used Auto Loans	47.73%	33.76%	25.06%	20.21%	17.74%	13.58%	16.36%
First Mortgages	8.56%	24.92%	41.33%	52.23%	55.08%	49.02%	50.38%
Other Real Estate	5.68%	11.10%	12.15%	10.89%	12.06%	16.04%	14.11%
Leases	0.00%	0.00%	0.03%	0.00%	0.00%	0.00%	0.00%
All Other Loans	<u>9.57%</u>	<u>8.36%</u>	<u>8.05%</u>	<u>7.24%</u>	<u>8.47%</u>	<u>9.83%</u>	<u>9.08%</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%	3.26%	3.06%	2.72%	3.21%	2.23%	2.64%
First Mortgage - Fixed - 15 yrs. Or less	0.10%	6.76%	7.62%	9.50%	11.53%	10.63%	10.58%
First Mortgage - Balloon/Hybrid - > 5 yrs.	0.09%	6.76%	3.29%	7.68%	6.92%	7.49%	6.99%
First Mortgage - Balloon/Hybrid - 5 yrs. Or less	7.12%	7.85%	19.54%	23.24%	18.82%	19.87%	19.66%
First Mortgage - Other Fixed Rate	1.26%	0.10%	0.28%	0.11%	0.29%	0.39%	0.33%
First Mortgage - Adjustable - 1 year or less	0.00%	0.00%	2.44%	3.24%	3.48%	1.77%	2.45%
First Mortgage - Adjustable - > 1 year	0.00%	0.20%	5.10%	5.74%	10.83%	6.64%	7.74%
Other - Closed End Fixed	5.36%	8.30%	6.71%	4.46%	4.11%	4.94%	4.80%
Other - Closed End Adjustable	0.32%	0.65%	1.68%	1.42%	1.25%	0.57%	0.93%
Other - Open End Adjustable	0.00%	2.15%	3.72%	4.90%	6.48%	10.48%	8.28%
Other - Open-End Fixed	0.00%	0.00%	0.04%	0.11%	0.23%	0.05%	0.11%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Real Estate (as a percent of loans)	14.24%	36.02%	53.48%	63.12%	67.14%	65.06%	64.49%
Total Real Estate (as a percent of assets)	7.97%	19.13%	33.39%	44.06%	51.03%	49.84%	48.01%

**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, 2011**

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	35	34	83	22	33	9	216
Share Drafts	1.56%	5.52%	14.43%	14.09%	14.55%	12.08%	13.13%
Regular Shares	81.83%	69.47%	43.95%	27.86%	25.87%	19.56%	24.75%
Money Market Shares	2.19%	1.68%	12.63%	21.16%	23.97%	31.40%	26.43%
Share Certificates	13.94%	19.21%	20.70%	25.95%	25.84%	28.09%	26.50%
IRA Accounts	0.47%	3.82%	7.51%	9.63%	9.06%	8.03%	8.37%
All Other Shares	<u>0.00%</u>	<u>0.29%</u>	<u>0.78%</u>	<u>1.31%</u>	<u>0.71%</u>	<u>0.84%</u>	<u>0.82%</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, 2011**

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	35	34	83	22	33	9	216
Trading Securities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Available for Sale Securities	0.00%	0.00%	4.60%	29.86%	18.93%	63.42%	36.50%
Held-to-Maturity Securities	0.00%	8.39%	3.33%	2.78%	12.49%	1.52%	5.05%
Commercial Banks, S&L's, and Mutual Savings Banks	77.98%	54.74%	73.47%	42.30%	40.71%	9.09%	33.12%
Credit Unions	17.96%	18.69%	6.52%	4.27%	1.49%	0.26%	2.48%
Corporate Credit Unions	4.05%	16.69%	10.35%	17.83%	21.02%	20.25%	18.41%
Other Investments	<u>0.00%</u>	<u>1.49%</u>	<u>1.72%</u>	<u>2.96%</u>	<u>5.36%</u>	<u>5.46%</u>	<u>4.44%</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.