



State of Wisconsin Office of Credit Unions Bulletin Mid-Year 2012

Financial Performance Comments

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This bulletin highlights the 2012 mid-year financial trends for Wisconsin's 194 state-chartered credit unions. The analysis is based on data compiled from the June 2012 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 \$23.1 billion, up from \$21.9 billion as of yearend 2011. The net worth ratio remained strong at 9.83%. Net income was \$101.8 million resulting in a return on average assets ratio of 0.90%.

Loans outstanding grew by \$330 million for the first half of the year and savings grew by \$1.1 billion resulting in a loan to savings ratio of 83.4%. The delinquency ratio was 1.55% compared to 1.83% as of December 31, 2011.

The financial indicators for Wisconsin's state-chartered credit unions exhibit sound financial performance for the first half of 2012.

Corporate Stabilization Expense

All federally insured credit unions will be charged 9.5 basis points of their insured shares as of June 30, 2012 for their contribution to the Temporary Corporate Credit Union Stabilization Fund. The 2012 assessment was declared by the NCUA Board at their July board meeting.

The payment will be due October 9, 2012. Credit unions should expense the assessment in August and report the entire expense on their September 30, 2012 call report. The NCUA Board said that with the buildup of reserves in the National Credit Union Share Insurance Fund (NCUSIF), there will be no premium charged for 2012.

Interest Rate Risk Management

A final rule on interest rate risk was adopted at the January 2012 NCUA board meeting. The rule applies to all federally insured credit unions. Beginning September 30, 2012, certain federally insured credit unions will be required to have a written policy on interest rate risk (IRR) management and a program to implement this effectively. Credit unions with assets over \$50 million are required to have an IRR Policy. Credit unions with assets between \$10 and \$50 million are required to have a policy based on total first mortgage loans held and total investments with maturities greater than 5 years equal or greater than 100% of net worth. Credit unions under \$10 million are not required to have a written policy.

NCUA has issued Letters to Credit Unions #12-CU-05 (May 2012) and #12-CU-11 (August 2012) on this topic. They have also hosted several webinars to discuss the new interest rate risk rule. Please see NCUA website www.ncua.gov for these resources. It is expected that all credit unions will review the rule and guidance and, if required, adopt a written policy and program for interest rate risk management.

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**COMPARISON STATEMENTS OF CONDITION
OF WISCONSIN CREDIT UNIONS
JUNE 30, 2012 and DECEMBER 31, 2011**

	June 30, 2012		December 31, 2011		Increase or Decrease	% Change
Number of Credit Unions	194		203		-9	-4.4%
	% OF		% OF			
	AMOUNT	ASSETS	AMOUNT	ASSETS		
ASSETS						
Personal Loans	6,002,774,759	25.9%	5,869,625,620	26.8%	133,149,139	2.3%
Real Estate Loans	10,767,203,475	46.5%	10,570,037,055	48.2%	197,166,420	1.9%
Total Loans	16,769,978,234	72.5%	16,439,662,675	75.0%	330,315,559	2.0%
Allowance for Loan Losses	203,410,277	0.9%	200,290,083	0.9%	3,120,194	1.6%
Net Loans	16,566,567,957	71.6%	16,239,372,592	74.1%	327,195,365	2.0%
Cash	2,016,064,262	8.7%	1,500,429,029	6.8%	515,635,233	34.4%
Investments	3,198,674,543	13.8%	2,858,705,183	13.0%	339,969,360	11.9%
Fixed Assets	646,718,426	2.8%	646,196,966	2.9%	521,460	0.1%
Other Assets	710,538,758	3.1%	670,944,108	3.1%	39,594,650	5.9%
TOTAL ASSETS	23,138,563,946	100.0%	21,915,647,878	100.0%	1,222,916,068	5.6%
LIABILITIES						
Regular Shares	5,232,923,722	22.6%	4,445,525,302	20.3%	787,398,420	17.7%
Share Drafts	2,906,625,470	12.6%	2,840,328,263	13.0%	66,297,207	2.3%
Other Shares & Deposits	12,079,248,404	52.2%	11,794,460,277	53.8%	284,788,127	2.4%
Total Savings	20,218,797,596	87.4%	19,080,313,842	87.1%	1,138,483,754	6.0%
Notes and Accounts Payable	655,074,359	2.8%	663,150,447	3.0%	-8,076,088	-1.2%
Regular Reserve	839,947,441	3.6%	842,717,990	3.8%	-2,770,549	-0.3%
Other Reserves	1,424,744,550	6.2%	1,329,465,599	6.1%	95,278,951	7.2%
TOTAL LIABILITIES	23,138,563,946	100.0%	21,915,647,878	100.0%	1,222,916,068	5.6%

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

**STATEMENT OF INCOME
FOR WISCONSIN CREDIT UNIONS
FOR THE PERIOD ENDING JUNE 30, 2012**

	AMOUNT	% OF GROSS INCOME	% OF AVERAGE ASSETS
INCOME			
Interest on Loans	415,521,575	68.20%	3.69%
Less: Interest Refunds	<u>76,532</u>	0.01%	0.00%
Net Interest Income	415,445,043	68.19%	3.69%
Income on Investments	23,591,443	3.87%	0.21%
Other Income	<u>170,201,898</u>	27.94%	1.51%
TOTAL OPERATING INCOME	609,238,384	100.00%	5.41%
ADMINISTRATIVE EXPENSES			
Employee Costs	197,351,947	32.39%	1.75%
Travel and Conference	3,642,590	0.60%	0.03%
Office Occupancy	26,775,275	4.39%	0.24%
General Operations	64,562,325	10.60%	0.57%
Education and Promotion	13,934,660	2.29%	0.12%
Loan Servicing	29,717,682	4.88%	0.26%
Professional Services	25,717,827	4.22%	0.23%
Member Insurance	12,844,551	2.11%	0.11%
Operating Fees	1,557,829	0.26%	0.01%
Other Operational Expenses	<u>10,830,478</u>	1.78%	0.10%
TOTAL ADMINISTRATIVE	386,935,164	63.51%	3.44%
Provision for Loan Loss	<u>47,206,467</u>	7.75%	0.42%
TOTAL OPERATING EXPENSES	434,141,631	71.26%	3.86%
Dividends Paid on Savings	68,120,855	11.18%	0.61%
Interest on Borrowed Funds	<u>5,798,918</u>	0.95%	0.05%
TOTAL COST OF FUNDS	<u>73,919,773</u>	12.13%	0.66%
TOTAL EXPENSES	508,061,404	83.39%	4.51%
NET OPERATING INCOME	101,176,980	16.61%	0.90%
NON-OPERATING GAIN/LOSS	<u>575,988</u>	0.09%	0.01%
NET INCOME	101,752,968	16.70%	0.90%
NCUA PREMIUMS AND ASSESSMENTS	8,038,495	1.32%	0.07%
NET INCOME (LOSS)	109,791,463	18.02%	0.98%

**COMPARISON STATEMENTS OF INCOME
FOR WISCONSIN CREDIT UNIONS
FOR THE PERIODS ENDING JUNE 30, 2012 AND JUNE 30, 2011**

	2012 AMOUNT	% OF AVERAGE ASSETS	2011 AMOUNT	% OF AVERAGE ASSETS
INCOME				
Interest on Loans	415,521,575	3.69%	423,270,914	4.01%
Less: Interest Refunds	76,532	0.00%	76,317	0.00%
Net Interest Income	415,445,043	3.69%	423,194,597	4.01%
Income on Investments	23,591,443	0.21%	24,543,522	0.23%
Other Income	170,201,898	1.51%	133,430,498	1.26%
TOTAL OPERATING INCOME	609,238,384	5.41%	581,168,617	5.50%
ADMINISTRATIVE EXPENSES				
Employee Costs	197,351,947	1.75%	184,584,763	1.75%
Travel and Conference	3,642,590	0.03%	3,169,664	0.03%
Office Occupancy	26,775,275	0.24%	27,128,590	0.26%
General Operations	64,562,325	0.57%	62,336,679	0.59%
Education and Promotion	13,934,660	0.12%	12,864,522	0.12%
Loan Servicing	29,717,682	0.26%	28,158,917	0.27%
Professional Services	25,717,827	0.23%	24,907,608	0.24%
Member Insurance	12,844,551	0.11%	21,071,403	0.20%
Operating Fees	1,557,829	0.01%	1,494,769	0.01%
Other Operational Expenses	10,830,478	0.10%	9,823,200	0.09%
TOTAL ADMINISTRATIVE	386,935,164	3.44%	375,540,115	3.55%
Provision for Loan Loss	47,206,467	0.42%	53,180,166	0.50%
TOTAL OPERATING EXPENSES	434,141,631	3.86%	428,720,281	4.06%
COST OF ACQUISITION OF FUNDS				
Dividends Paid on Savings	68,120,855	0.61%	89,050,276	0.84%
Interest on Borrowed Funds	5,798,918	0.05%	6,756,102	0.06%
TOTAL COST OF FUNDS	73,919,773	0.66%	95,806,378	0.91%
TOTAL EXPENSES	508,061,404	4.51%	524,526,659	4.97%
NET OPERATING INCOME	101,176,980	0.90%	56,641,958	0.54%
NON-OPERATING GAIN/LOSS	575,988	0.01%	-1,002,194	-0.01%
NET INCOME	101,752,968	0.90%	55,639,764	0.53%
NCUA PREMIUMS & ASSESSMENTS	8,038,495	0.07%	10,850,375	0.10%
NET INCOME (LOSS)	109,791,463	0.98%	66,490,139	0.63%

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

**SIGNIFICANT OPERATIONAL RATIOS
FOR ALL WISCONSIN CREDIT UNIONS
2007-2012**

	2007	2008	2009	2010	2011	2012
Number of Credit Unions	260	250	236	223	203	194
CAPITAL ADEQUACY						
Net Worth/Total Assets	11.19%	10.68%	10.08%	9.99%	9.96%	9.83%
Total Delinquency/Net Worth	9.17%	10.96%	15.53%	14.30%	13.75%	11.44%
Solvency Evaluation	113.21%	112.58%	111.55%	111.38%	111.39%	111.21%
Classified Assets/Net Worth	5.11%	5.94%	7.91%	8.49%	9.18%	8.94%
ASSET QUALITY						
Delinquent Loans/Loans	1.27%	1.44%	2.01%	1.87%	1.83%	1.55%
Net Charge Offs/Avg. Loans	0.31%	0.38%	0.66%	0.60%	0.59%	0.50%
EARNINGS (to Average Assets)						
Return on Average Assets	0.70%	0.53%	0.46%	0.47%	0.59%	0.90%
Net Operating Expense	2.85%	2.87%	2.78%	3.00%	2.86%	2.72%
Fixed Assets+FRA's**/Assets	3.08%	2.99%	3.11%	3.11%	2.95%	2.79%
Gross Income	7.44%	7.07%	6.47%	6.02%	5.59%	5.41%
Cost of Funds	2.79%	2.38%	1.71%	1.19%	0.86%	0.66%
Operating Exp. (less PLL)	3.65%	3.66%	3.54%	3.67%	3.58%	3.44%
Net Interest Margin	3.33%	3.35%	3.25%	3.37%	3.35%	3.24%
PLL	0.32%	0.42%	0.73%	0.63%	0.55%	0.42%
ASSET-LIABILITY MANAGEMENT						
Net Long Term Assets/Assets	28.34%	39.03%	31.32%	30.42%	30.62%	31.12%
Shares/Savings+Borrowings	20.63%	20.04%	20.48%	22.80%	23.05%	25.64%
Loans/Savings	95.90%	97.48%	90.69%	88.05%	86.68%	83.43%
Loans/Assets	80.57%	81.08%	78.04%	76.20%	75.01%	72.48%
Cash + ST Invest./Assets	10.12%	9.04%	11.41%	11.86%	11.50%	13.60%
OTHER RATIOS						
Savings Growth	5.57%	8.98%	11.58%	6.92%	6.10%	12.24%
Net Worth Growth	5.92%	4.83%	4.09%	5.76%	5.70%	8.78%
Loan Growth	4.87%	10.61%	4.38%	3.23%	4.34%	4.23%
Asset Growth	5.72%	9.91%	8.63%	5.71%	6.00%	11.45%
Investments/Assets	8.04%	8.67%	10.28%	10.89%	13.04%	13.82%
Employee Cost/ Gross Inc.	25.83%	27.14%	28.68%	29.86%	31.32%	32.39%
Employee Cost/ Avg. Assets	1.92%	1.92%	1.86%	1.80%	1.75%	1.75%
Average Loan Balance	\$11,306	\$11,777	\$11,535	\$11,706	\$11,640	\$11,945
Average Savings Balance	\$3,473	\$3,661	\$4,023	\$4,211	\$4,330	\$4,419

****Foreclosed and Repossessed Assets**

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

**SIGNIFICANT OPERATIONAL RATIOS
FOR THE PERIOD ENDING JUNE 30, 2012**

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	26	32	69	24	33	10	194
CAPITAL ADEQUACY							
Net Worth/Total Assets	20.85%	15.59%	11.88%	10.63%	10.32%	9.14%	9.83%
Net Worth/PCA Optional Total Assets	20.85%	15.61%	11.92%	10.64%	10.34%	9.15%	9.85%
Total Delinquency/Net Worth	7.48%	5.85%	6.59%	10.21%	12.32%	12.05%	11.44%
Solvency Evaluation	126.47%	118.55%	113.59%	112.04%	111.66%	110.46%	111.21%
Classified Assets/Net Worth	5.37%	3.84%	6.47%	6.70%	9.70%	9.36%	8.94%
ASSET QUALITY							
Delinquent Loans/Loans	2.91%	1.74%	1.35%	1.58%	1.74%	1.47%	1.55%
Net Charge Offs/Avg. Loans	0.48%	0.30%	0.45%	0.55%	0.45%	0.53%	0.50%
Fair Value/Amortized Cost for HTM	N/A	100.62%	100.03%	100.98%	100.06%	100.28%	100.25%
Accumulated Unrealized Gains or	N/A	N/A	1.28%	1.69%	0.24%	0.73%	0.71%
Delinquent Loans/Assets	1.56%	0.91%	0.78%	1.09%	1.27%	1.10%	1.13%
EARNINGS (to Average Assets)							
Return on Average Assets	0.03%	-0.29%	0.25%	0.56%	0.68%	1.16%	0.90%
ROAA Excluding NCUA expenses	0.09%	-0.19%	0.34%	0.65%	0.77%	1.22%	0.98%
Gross Income	3.93%	3.94%	4.53%	5.07%	5.37%	5.61%	5.41%
Yield on Average Loans	6.28%	5.71%	5.54%	5.31%	5.16%	4.83%	5.01%
Yield on Average Investments	0.81%	1.06%	0.93%	1.19%	0.92%	1.09%	1.03%
Fee & Other Op. Income	0.14%	0.40%	0.88%	1.09%	1.38%	1.73%	1.51%
Cost of Funds	0.45%	0.34%	0.42%	0.59%	0.68%	0.69%	0.66%
Net Margin	3.48%	3.60%	4.11%	4.47%	4.69%	4.92%	4.76%
Operating Exp. (less PLL)	3.43%	3.67%	3.57%	3.66%	3.66%	3.27%	3.44%
PLL	0.23%	0.22%	0.27%	0.25%	0.36%	0.49%	0.42%
Net Interest Margin	3.34%	3.20%	3.23%	3.39%	3.32%	3.19%	3.24%
Operating Exp./Gross Income	87.32%	93.04%	78.73%	72.23%	68.17%	58.35%	63.51%
Fixed Assets+FRA's**/Assets	0.11%	1.02%	2.09%	3.27%	3.46%	2.51%	2.79%
Net Operating Expense	3.35%	3.39%	2.99%	3.03%	2.89%	2.55%	2.72%
ASSET-LIABILITY MANAGEMENT							
Net Long Term Assets/Assets	2.86%	13.35%	15.72%	24.52%	31.90%	33.76%	31.12%
Shares/Savings+Borrowings	83.84%	71.29%	45.47%	30.61%	28.08%	20.75%	25.64%
Loans/Savings	67.98%	62.31%	66.77%	78.90%	84.16%	86.00%	83.43%
Loans/Assets	53.55%	52.33%	58.11%	68.68%	73.05%	74.74%	72.48%
Cash + ST Invest./Assets	35.00%	28.99%	25.00%	15.33%	13.55%	11.75%	13.60%
Shares, Deposits & Borrowings/Earning	79.28%	86.33%	91.95%	94.03%	95.15%	94.64%	94.47%
Shares + Drafts/Savings+Borrowings	84.89%	77.28%	60.64%	47.06%	42.76%	33.83%	39.51%
Borrowings/Shares & Net Worth	0.13%	0.00%	0.11%	0.22%	1.53%	2.20%	1.69%
OTHER RATIOS							
Net Worth Growth	-0.02%	-1.75%	2.12%	4.83%	6.50%	12.13%	8.78%
Savings Growth	7.14%	10.77%	10.18%	10.58%	8.01%	14.96%	12.24%
Loan Growth	0.30%	0.22%	-0.71%	3.70%	1.48%	6.23%	4.23%
Asset Growth	5.84%	8.66%	9.28%	10.64%	6.84%	14.30%	11.45%
Investment Growth	-4.77%	1.10%	0.12%	53.99%	24.54%	64.89%	41.75%
Investments/Assets	23.49%	30.98%	27.48%	18.04%	12.79%	11.88%	13.82%
Employee Cost/Gross Inc.	41.07%	51.65%	37.85%	36.39%	36.01%	29.40%	32.39%
Employee Cost/ Avg. Assets	1.61%	2.04%	1.71%	1.84%	1.94%	1.65%	1.75%
Average Loan Balance	\$6,984	\$8,021	\$9,958	\$11,856	\$14,040	\$11,391	\$11,945
Average Savings Balance	\$2,265	\$3,124	\$3,473	\$3,848	\$4,306	\$4,769	\$4,419

**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, 2012**

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	26	32	69	24	33	10	194
OPERATING INCOME							
Interest on Loans	86.78%	77.38%	72.90%	73.19%	71.03%	65.64%	68.20%
Less: Interest Refunds	0.00%	0.00%	0.06%	0.05%	0.02%	0.00%	0.01%
Income on Investments	9.71%	12.35%	7.78%	5.38%	3.34%	3.48%	3.87%
Income on Trading Securities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fee Income	2.09%	7.17%	12.66%	12.49%	14.39%	12.90%	13.25%
Other Operating Income	1.42%	3.10%	6.71%	8.98%	11.26%	17.98%	14.69%
TOTAL INCOME	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
OPERATING EXPENSES							
Employee Costs	41.07%	51.65%	37.85%	36.39%	36.01%	29.40%	32.39%
Travel and Conference	0.72%	0.93%	0.88%	1.09%	0.75%	0.44%	0.60%
Office Occupancy	3.47%	4.51%	5.28%	5.11%	4.98%	3.93%	4.39%
General Operations	19.49%	18.42%	14.49%	13.37%	11.35%	9.42%	10.60%
Education and Promotion	1.07%	0.39%	1.82%	2.07%	2.38%	2.33%	2.29%
Loan Servicing	2.19%	1.44%	4.78%	3.59%	4.37%	5.32%	4.88%
Professional Services	5.27%	6.81%	7.97%	6.56%	3.95%	3.67%	4.22%
Member Insurance	5.69%	3.90%	2.46%	2.02%	1.89%	2.17%	2.11%
Operating Fees	1.67%	1.01%	0.53%	0.32%	0.29%	0.19%	0.26%
Miscellaneous	6.69%	3.98%	2.66%	1.71%	2.18%	1.47%	1.78%
TOTAL ADMINISTRATIVE	87.32%	93.04%	78.73%	72.23%	68.17%	58.35%	63.51%
Provision for Loan Loss	<u>5.74%</u>	<u>5.50%</u>	<u>5.86%</u>	<u>4.96%</u>	<u>6.76%</u>	<u>8.78%</u>	<u>7.75%</u>
TOTAL OPERATING EXP.	93.06%	98.55%	84.59%	77.19%	74.93%	67.13%	71.26%
COST OF FUNDS							
Interest on Borrowed Funds	0.00%	0.00%	0.04%	0.38%	1.15%	1.02%	0.95%
Dividends on Savings	<u>11.42%</u>	<u>8.66%</u>	<u>9.27%</u>	<u>11.33%</u>	<u>11.49%</u>	<u>11.23%</u>	<u>11.18%</u>
TOTAL COST OF FUNDS	11.43%	8.67%	9.31%	11.71%	12.65%	12.25%	12.13%
NET INCOME FROM OPERATIONS	-4.49%	-7.21%	6.10%	11.10%	12.42%	20.62%	16.61%
NON-OPERATING GAIN/LOSS	<u>5.23%</u>	<u>-0.10%</u>	<u>-0.66%</u>	<u>-0.04%</u>	<u>0.29%</u>	<u>0.08%</u>	<u>0.09%</u>
NET INCOME	0.74%	-7.31%	5.44%	11.06%	12.72%	20.71%	16.70%
NCUA EXPENSES	1.60%	2.60%	1.99%	1.72%	1.61%	1.05%	1.32%
ADJUSTED NET INCOME (LOSS)	2.34%	-4.72%	7.43%	12.78%	14.32%	21.76%	18.02%

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

**ANALYSIS OF INCOME AND EXPENSES TO AVERAGE ASSETS
FOR THE PERIOD ENDING JUNE 30, 2012**

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	26	32	69	24	33	10	194
OPERATING INCOME							
Interest on Loans	3.41%	3.05%	3.30%	3.71%	3.82%	3.68%	3.69%
Less: Interest Refunds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income on Investments	0.38%	0.49%	0.35%	0.27%	0.18%	0.20%	0.21%
Income on Trading Securities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fee Income	0.08%	0.28%	0.57%	0.63%	0.77%	0.72%	0.72%
Other Operating Income	0.06%	0.12%	0.30%	0.45%	0.61%	1.01%	0.79%
TOTAL INCOME	3.93%	3.94%	4.53%	5.07%	5.37%	5.61%	5.41%
OPERATING EXPENSES							
Employee Costs	1.61%	2.04%	1.71%	1.84%	1.94%	1.65%	1.75%
Travel and Conference	0.03%	0.04%	0.04%	0.06%	0.04%	0.02%	0.03%
Office Occupancy	0.14%	0.18%	0.24%	0.26%	0.27%	0.22%	0.24%
General Operations	0.77%	0.73%	0.66%	0.68%	0.61%	0.53%	0.57%
Education and Promotion	0.04%	0.02%	0.08%	0.10%	0.13%	0.13%	0.12%
Loan Servicing	0.09%	0.06%	0.22%	0.18%	0.23%	0.30%	0.26%
Professional Services	0.21%	0.27%	0.36%	0.33%	0.21%	0.21%	0.23%
Member Insurance	0.22%	0.15%	0.11%	0.10%	0.10%	0.12%	0.11%
Operating Fees	0.07%	0.04%	0.02%	0.02%	0.02%	0.01%	0.01%
Miscellaneous	0.26%	0.16%	0.12%	0.09%	0.12%	0.08%	0.10%
TOTAL ADMINISTRATIVE	3.43%	3.67%	3.57%	3.66%	3.66%	3.27%	3.44%
Provision for Loan Loss	<u>0.23%</u>	<u>0.22%</u>	<u>0.27%</u>	<u>0.25%</u>	<u>0.36%</u>	<u>0.49%</u>	<u>0.42%</u>
TOTAL OPERATING EXP.	3.66%	3.88%	3.83%	3.91%	4.03%	3.77%	3.86%
COST OF FUNDS							
Interest on Borrowed Funds	0.00%	0.00%	0.00%	0.02%	0.06%	0.06%	0.05%
Dividends on Savings	<u>0.45%</u>	<u>0.34%</u>	<u>0.42%</u>	<u>0.57%</u>	<u>0.62%</u>	<u>0.63%</u>	<u>0.61%</u>
TOTAL COST OF FUNDS	0.45%	0.34%	0.42%	0.59%	0.68%	0.69%	0.66%
NET INCOME FROM OPERATIONS	-0.18%	-0.28%	0.28%	0.56%	0.67%	1.16%	0.90%
NON-OPERATING GAIN/LOSS	<u>0.21%</u>	<u>0.00%</u>	<u>-0.03%</u>	<u>0.00%</u>	<u>0.02%</u>	<u>0.00%</u>	<u>0.01%</u>
NET INCOME	0.03%	-0.29%	0.25%	0.56%	0.68%	1.16%	0.90%
NCUA EXPENSES	<u>0.06%</u>	<u>0.10%</u>	<u>0.09%</u>	<u>0.09%</u>	<u>0.09%</u>	<u>0.06%</u>	<u>0.07%</u>
ADJUSTED NET INCOME (LOSS)	0.09%	-0.19%	0.34%	0.65%	0.77%	1.22%	0.98%

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

**LOAN DELINQUENCY
PERIOD ENDING JUNE 30, 2012**

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	26	32	69	24	33	10	194
Loan Delinquency Ratios							
2 - 6 Months Delinquent	1.90%	0.75%	0.66%	0.79%	0.76%	0.66%	0.70%
6 - 12 Months Delinquent	0.50%	0.58%	0.45%	0.58%	0.56%	0.42%	0.47%
Over 12 Months Delinquent	0.51%	0.41%	0.24%	0.21%	0.42%	0.39%	0.38%
Total Delinquent Loans	2.91%	1.74%	1.35%	1.58%	1.74%	1.47%	1.55%
Loan Loss Ratio	0.48%	0.30%	0.45%	0.55%	0.45%	0.53%	0.50%

**ANALYSIS OF LOANS BY TYPE
PERIOD ENDING JUNE 30, 2012**

Number of Credit Unions	26	32	69	24	33	10	194
Loan Types							
Credit Card Loans	0.00%	0.85%	2.81%	2.37%	1.81%	4.81%	3.64%
Unsecured Loans	9.47%	9.61%	3.43%	1.89%	1.69%	2.00%	2.03%
New Auto Loans	20.47%	13.75%	7.48%	5.45%	3.41%	3.75%	4.04%
Used Auto Loans	52.03%	35.23%	23.71%	20.57%	17.70%	15.32%	16.97%
First Mortgages	4.13%	21.81%	44.29%	52.04%	56.28%	50.33%	51.65%
Other Real Estate	2.38%	10.21%	10.87%	9.94%	10.40%	14.13%	12.55%
Leases	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
All Other Loans	<u>11.52%</u>	<u>8.55%</u>	<u>7.40%</u>	<u>7.71%</u>	<u>8.64%</u>	<u>8.46%</u>	<u>8.40%</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%	4.15%	2.95%	4.76%	3.05%	1.91%	2.51%
First Mortgage - Fixed - 15 yrs. Or less	0.50%	7.91%	8.83%	10.42%	11.23%	14.57%	12.95%
First Mortgage - Balloon/Hybrid - > 5 yrs.	0.00%	2.10%	2.05%	2.04%	7.22%	7.24%	6.55%
First Mortgage - Balloon/Hybrid - 5 yrs. Or less	3.61%	7.46%	22.66%	24.97%	18.68%	15.77%	17.59%
First Mortgage - Other Fixed Rate	0.02%	0.05%	0.37%	0.09%	0.26%	0.42%	0.34%
First Mortgage - Adjustable - 1 year or less	0.00%	0.00%	2.68%	2.81%	5.87%	4.07%	4.40%
First Mortgage - Adjustable - > 1 year	0.00%	0.15%	4.75%	6.95%	9.97%	6.36%	7.31%
Other - Closed End Fixed	2.38%	7.93%	5.68%	4.23%	3.26%	4.04%	3.94%
Other - Closed End Adjustable	0.00%	0.09%	1.81%	1.80%	1.02%	0.61%	0.88%
Other - Open End Adjustable	0.00%	2.14%	3.17%	3.81%	5.88%	9.46%	7.64%
Other - Open-End Fixed	0.00%	0.05%	0.21%	0.10%	0.24%	0.03%	0.10%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Real Estate (as a percent of loans)	6.51%	32.02%	55.16%	61.98%	66.69%	64.46%	64.21%
Total Real Estate (as a percent of assets)	3.49%	16.75%	32.05%	42.57%	48.72%	48.18%	46.53%

**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, 2012**

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	26	32	69	24	33	10	194
Share Drafts	1.08%	6.26%	15.35%	16.78%	15.23%	13.62%	14.38%
Regular Shares	83.95%	71.02%	45.36%	30.40%	28.26%	21.04%	25.88%
Money Market Shares	1.43%	2.18%	13.58%	19.71%	23.91%	31.96%	27.25%
Share Certificates	13.00%	16.93%	17.83%	22.72%	22.83%	24.96%	23.62%
IRA Accounts	0.52%	3.28%	7.08%	9.10%	8.77%	7.73%	8.05%
All Other Shares	<u>0.02%</u>	<u>0.33%</u>	<u>0.80%</u>	<u>1.29%</u>	<u>1.00%</u>	<u>0.69%</u>	<u>0.83%</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, 2012**

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	26	32	69	24	33	10	194
Trading Securities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Available for Sale Securities	0.00%	0.00%	3.26%	25.37%	25.02%	62.14%	39.57%
Held-to-Maturity Securities	0.00%	0.84%	3.25%	3.47%	4.41%	4.02%	3.91%
Commercial Banks, S&L's, and Mutual Savings Banks	67.54%	61.70%	69.54%	41.85%	42.61%	14.13%	32.85%
Credit Unions	24.33%	20.31%	5.67%	2.63%	1.78%	0.30%	2.00%
Corporate Credit Unions	8.13%	17.15%	14.21%	23.69%	21.05%	14.10%	16.90%
Other Investments	<u>0.00%</u>	<u>0.00%</u>	<u>4.07%</u>	<u>3.00%</u>	<u>5.12%</u>	<u>5.31%</u>	<u>4.78%</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.



2012 Credit Union Consolidations

Consolidation Date	Absorbed Credit Union	Location	Continuing Credit Union	Location
1/1/2012	Kyle Central	South Milwaukee	Educators	Racine
1/1/2012	Marathon Rothschild	Rothschild	CoVantage	Antigo
1/31/2012	NewVISION	Neenah	Community First	Appleton
2/29/2012	Maple Hill	Wausau	Connexus	Wausau
3/31/2012	Tower	Wausau	Connexus	Wausau
5/1/2012	Metro	Superior	Hermantown Federal	Hermantown, Minnesota
5/18/2012	Wausau Postal Employees	Wausau	CoVantage	Antigo
6/30/2012	Cleaver-Brooks	Milwaukee	AppleTree	West Allis

2012 Credit Union Liquidations

Liquidation Date	Liquidated Credit Union	Location
6/27/2012	Destiny	Milwaukee