



2013 THIRD QUARTER CREDIT UNION BULLETIN

This bulletin highlights the 2013 third quarter financial trends for Wisconsin's 174 state-chartered credit unions. The analysis is based on data compiled from the September 2013 5300 call reports. This information is provided to keep you informed of current conditions and trends in the Wisconsin credit union industry.

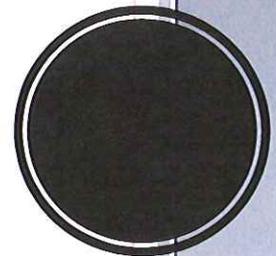
Total assets increased to \$24.4 billion, up from \$23.3 billion as of yearend 2012. The net worth ratio remained strong at 10.43%. Net income was just over \$164 million resulting in a return on average assets ratio of 0.92%.

Loans outstanding grew by \$906 million since yearend 2012 and savings grew by \$887 million resulting in a loan to savings ratio of 84.37%. The delinquency ratio was 1.17% compared to 1.36% as of December 31, 2012.

The financial indicators for Wisconsin's state-chartered credit unions exhibit sound financial performance through September 30, 2013.

Additional information about consolidations and liquidations that occurred through the third quarter of 2013 is included in this bulletin.

Kim Santos, Director
Office of Credit Unions



2013 CONSOLIDATIONS

| Consolidation Date | Absorbed Credit Union | Location | Continuing Credit Union | Location |
|---------------------------|------------------------------|-----------------|--------------------------------|-----------------|
| 3/20/13 | Medical Empls. | Sheboygan | UnitedOne | Manitowoc |
| 3/31/13 | MET | Eau Claire | Marine | Onalaska |
| 3/31/2013 | Lakeside | Oak Creek | Educators | Racine |
| 4/1/2013 | Ladish Community | Cudahy | TruStone Financial Federal | Plymouth, MN |
| 4/30/2013 | Eau Claire Press | Eau Claire | Marine | Onalaska |
| 4/30/2013 | Price | Prentice | Heritage | Madison |
| 4/30/2013 | Badger Campus | Madison | Landmark | New Berlin |
| 6/30/2013 | Public Service | Kewaunee | Community First | Appleton |
| 6/30/2013 | Midwest | Sheboygan | Sheboygan Area | Sheboygan |
| 6/30/2013 | Public Service | Marinette | Marinette County Employees | Marinette |
| 8/1/2013 | Kilowatt | Madison | Heartland | Madison |
| 8/31/2013 | Veterans Administration | Milwaukee | Summit | Madison |

2013 LIQUIDATIONS

| Liquidation Date | Credit Union | Location |
|-------------------------|--------------------------------------|-----------------|
| 1/7/2013 | New Covenant Missionary Bapt. Church | Milwaukee |

**COMPARISON STATEMENTS OF CONDITION
OF WISCONSIN CREDIT UNIONS
SEPTEMBER 30, 2013 and DECEMBER 31, 2012**

| | <u>September 30, 2013</u> | | <u>December 31, 2012</u> | | <u>Increase or Decrease</u> | <u>% Change</u> |
|--------------------------------|------------------------------|------------------------|------------------------------|------------------------|---------------------------------|-----------------|
| <u>Number of Credit Unions</u> | 174 | | 187 | | -13 | -7.0% |
| | <u>AMOUNT</u> | <u>% OF ASSETS</u> | <u>AMOUNT</u> | <u>% OF ASSETS</u> | | |
| <u>ASSETS</u> | | | | | | |
| Personal Loans | 6,745,565,829 | 27.6% | 6,227,053,588 | 26.7% | 518,512,241 | 8.3% |
| Real Estate Loans | <u>11,153,828,936</u> | 45.6% | <u>10,765,751,836</u> | 46.1% | <u>388,077,100</u> | 3.6% |
| Total Loans | 17,899,394,765 | 73.2% | 16,992,805,424 | 72.8% | 906,589,341 | 5.3% |
| Allowance for Loan Losses | <u>199,686,204</u> | 0.8% | <u>198,167,854</u> | 0.8% | <u>1,518,350</u> | 0.8% |
| Net Loans | 17,699,708,561 | 72.4% | 16,794,637,570 | 71.9% | 905,070,991 | 5.4% |
| Cash | 1,713,090,758 | 7.0% | 1,914,627,051 | 8.2% | -201,536,293 | -10.5% |
| Investments | 3,747,361,927 | 15.3% | 3,270,424,338 | 14.0% | 476,937,589 | 14.6% |
| Fixed Assets | 637,369,881 | 2.6% | 639,417,784 | 2.7% | -2,047,903 | -0.3% |
| Other Assets | <u>650,008,256</u> | 2.7% | <u>734,677,198</u> | 3.1% | <u>-84,668,942</u> | -11.5% |
| TOTAL ASSETS | <u><u>24,447,539,383</u></u> | 100.0% | <u><u>23,353,783,941</u></u> | 100.0% | <u><u>1,093,755,442</u></u> | 4.7% |
| <u>LIABILITIES</u> | | | | | | |
| Regular Shares | 6,025,484,309 | 24.6% | 5,212,907,487 | 22.3% | 812,576,822 | 15.6% |
| Share Drafts | 3,005,590,105 | 12.3% | 3,016,286,871 | 12.9% | -10,696,766 | -0.4% |
| Other Shares & Deposits | <u>12,185,504,920</u> | 49.8% | <u>12,099,924,737</u> | 51.8% | <u>85,580,183</u> | 0.7% |
| Total Savings | 21,216,579,334 | 86.8% | 20,329,119,095 | 87.0% | 887,460,239 | 4.4% |
| Notes and Accounts Pay. | 715,360,286 | 2.9% | 640,576,839 | 2.7% | 74,783,447 | 11.7% |
| Regular Reserve | 879,151,624 | 3.6% | 864,615,233 | 3.7% | 14,536,391 | 1.7% |
| Other Reserves | <u>1,636,448,139</u> | 6.7% | <u>1,519,472,774</u> | 6.5% | <u>116,975,365</u> | 7.7% |
| TOTAL LIABILITIES | <u><u>24,447,539,383</u></u> | 100.0% | <u><u>23,353,783,941</u></u> | 100.0% | <u><u>1,093,755,442</u></u> | 4.7% |

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

**STATEMENT OF INCOME
FOR WISCONSIN CREDIT UNIONS
FOR THE PERIOD ENDING SEPTEMBER 30, 2013**

| INCOME | AMOUNT | % OF GROSS INCOME | % OF AVERAGE ASSETS |
|--------------------------------------|--------------------|-------------------------|---------------------------|
| Interest on Loans | 600,685,669 | 66.89% | 3.35% |
| Less: Interest Refunds | <u>114,738</u> | 0.01% | 0.00% |
| Net Interest Income | 600,570,931 | 66.88% | 3.35% |
| Income on Investments | 32,219,556 | 3.59% | 0.18% |
| Other Income | <u>265,180,222</u> | 29.53% | 1.48% |
| TOTAL OPERATING INCOME | 897,970,709 | 100.00% | 5.01% |
| ADMINISTRATIVE EXPENSES | | | |
| Employee Costs | 305,236,730 | 33.99% | 1.70% |
| Travel and Conference | 5,391,411 | 0.60% | 0.03% |
| Office Occupancy | 41,030,261 | 4.57% | 0.23% |
| General Operations | 100,551,647 | 11.20% | 0.56% |
| Education and Promotion | 21,192,774 | 2.36% | 0.12% |
| Loan Servicing | 45,384,936 | 5.05% | 0.25% |
| Professional Services | 39,826,390 | 4.44% | 0.22% |
| Member Insurance | 16,804,164 | 1.87% | 0.09% |
| Operating Fees | 2,518,841 | 0.28% | 0.01% |
| Other Operational Expenses | <u>17,382,381</u> | 1.94% | 0.10% |
| TOTAL ADMINISTRATIVE | 595,319,535 | 66.30% | 3.32% |
| Provision for Loan Loss | <u>54,221,748</u> | 6.04% | 0.30% |
| TOTAL OPERATING EXPENSES | 649,541,283 | 72.33% | 3.62% |
| Dividends Paid on Savings | 79,795,879 | 8.89% | 0.45% |
| Interest on Borrowed Funds | <u>6,249,933</u> | 0.70% | 0.03% |
| TOTAL COST OF FUNDS | 86,045,812 | 9.58% | 0.48% |
| TOTAL EXPENSES | 735,587,095 | 81.92% | 4.10% |
| NET OPERATING INCOME | 162,383,614 | 18.08% | 0.91% |
| NON-OPERATING GAIN/LOSS | <u>2,207,795</u> | 0.25% | 0.01% |
| NET INCOME | 164,591,409 | 18.33% | 0.92% |
| NCUA PREMIUMS AND ASSESSMENTS | 15,642,606 | 1.74% | 0.09% |
| NET INCOME (LOSS) | 180,234,015 | 20.07% | 1.01% |

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

**COMPARISON STATEMENTS OF INCOME
FOR WISCONSIN CREDIT UNIONS
FOR THE PERIODS ENDING SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012**

| | 2013 | % OF AVERAGE ASSETS | 2012 | % OF AVERAGE ASSETS |
|--|--------------------|---------------------------|--------------------|---------------------------|
| | <u>AMOUNT</u> | | <u>AMOUNT</u> | |
| INCOME | | | | |
| Interest on Loans | 600,685,669 | 3.35% | 621,452,682 | 3.69% |
| Less: Interest Refunds | <u>114,738</u> | <u>0.00%</u> | <u>108,946</u> | <u>0.00%</u> |
| Net Interest Income | 600,570,931 | 3.35% | 621,343,736 | 3.69% |
| Income on Investments | 32,219,556 | 0.18% | 34,397,180 | 0.20% |
| Other Income | <u>265,180,222</u> | <u>1.48%</u> | <u>265,877,829</u> | <u>1.81%</u> |
| TOTAL OPERATING INCOME | 897,970,709 | 5.01% | 921,618,745 | 5.48% |
| ADMINISTRATIVE EXPENSES | | | | |
| Employee Costs | 305,236,730 | 1.70% | 295,603,686 | 1.76% |
| Travel and Conference | 5,391,411 | 0.03% | 5,392,244 | 0.03% |
| Office Occupancy | 41,030,261 | 0.23% | 40,075,899 | 0.24% |
| General Operations | 100,551,647 | 0.56% | 96,618,551 | 0.57% |
| Education and Promotion | 21,192,774 | 0.12% | 20,766,398 | 0.12% |
| Loan Servicing | 45,384,936 | 0.25% | 44,846,573 | 0.27% |
| Professional Services | 39,826,390 | 0.22% | 38,201,460 | 0.23% |
| Member Insurance | 16,804,164 | 0.09% | 18,702,996 | 0.11% |
| Operating Fees | 2,518,841 | 0.01% | 2,399,889 | 0.01% |
| Other Operational Expenses | <u>17,382,381</u> | <u>0.10%</u> | <u>15,715,488</u> | <u>0.09%</u> |
| TOTAL ADMINISTRATIVE | 595,319,535 | 3.32% | 578,323,184 | 3.44% |
| Provision for Loan Loss | <u>54,221,748</u> | <u>0.30%</u> | <u>67,926,421</u> | <u>0.40%</u> |
| TOTAL OPERATING EXPENSES | 649,541,283 | 3.62% | 646,249,605 | 3.84% |
| COST OF ACQUISITION OF FUNDS | | | | |
| Dividends Paid on Savings | 79,795,879 | 0.45% | 99,382,204 | 0.59% |
| Interest on Borrowed Funds | <u>6,249,933</u> | <u>0.03%</u> | <u>8,399,016</u> | <u>0.05%</u> |
| TOTAL COST OF FUNDS | <u>86,045,812</u> | <u>0.48%</u> | <u>107,781,220</u> | <u>0.64%</u> |
| TOTAL EXPENSES | 735,587,095 | 4.10% | 754,030,825 | 4.48% |
| NET OPERATING INCOME | 162,383,614 | 0.91% | 167,587,920 | 1.00% |
| NON-OPERATING GAIN/LOSS | <u>2,207,795</u> | <u>0.01%</u> | <u>-2,826,356</u> | <u>-0.02%</u> |
| NET INCOME | 164,591,409 | 0.92% | 164,761,564 | 0.98% |
| NCUA PREMIUMS & ASSESSMENTS | 15,642,606 | 0.09% | 17,759,126 | 0.11% |
| NET INCOME (LOSS) | 180,234,015 | 1.01% | 182,520,690 | 1.08% |

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

**SIGNIFICANT OPERATIONAL RATIOS
FOR ALL WISCONSIN CREDIT UNIONS
2008-2013**

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|------------|------------|------------|------------|------------|------------|
| Number of Credit Unions | 250 | 236 | 223 | 203 | 187 | 174 |
| <u>CAPITAL ADEQUACY</u> | | | | | | |
| Net Worth/Total Assets | 10.68% | 10.08% | 9.99% | 9.96% | 10.25% | 10.43% |
| Total Delinquency/Net Worth | 10.96% | 15.53% | 14.30% | 13.75% | 9.66% | 8.20% |
| Solvency Evaluation | 112.58% | 111.55% | 111.38% | 111.39% | 111.73% | 111.86% |
| Classified Assets/Net Worth | 5.94% | 7.91% | 8.49% | 9.18% | 8.28% | 7.83% |
| <u>ASSET QUALITY</u> | | | | | | |
| Delinquent Loans/Loans | 1.44% | 2.01% | 1.87% | 1.83% | 1.36% | 1.17% |
| Net Charge Offs/Avg. Loans | 0.38% | 0.66% | 0.60% | 0.59% | 0.51% | 0.40% |
| <u>EARNINGS (to Average Assets)</u> | | | | | | |
| Return on Average Assets | 0.53% | 0.46% | 0.47% | 0.59% | 1.00% | 0.92% |
| Net Operating Expense | 2.87% | 2.78% | 3.00% | 2.86% | 2.69% | 2.62% |
| Fixed Assets+FRA's**/Assets | 2.99% | 3.11% | 3.11% | 2.95% | 2.78% | 2.66% |
| Gross Income | 7.07% | 6.47% | 6.02% | 5.59% | 5.48% | 5.01% |
| Cost of Funds | 2.38% | 1.71% | 1.19% | 0.86% | 0.62% | 0.48% |
| Operating Exp. (less PLL) | 3.66% | 3.54% | 3.67% | 3.58% | 3.43% | 3.32% |
| Net Interest Margin | 3.35% | 3.25% | 3.37% | 3.35% | 3.24% | 3.05% |
| PLL | 0.42% | 0.73% | 0.63% | 0.55% | 0.41% | 0.30% |
| <u>ASSET-LIABILITY MANAGEMENT</u> | | | | | | |
| Net Long Term Assets/Assets | 39.03% | 31.32% | 30.42% | 30.62% | 30.65% | 32.65% |
| Shares/Savings+Borrowings | 20.04% | 20.48% | 22.80% | 23.05% | 25.45% | 28.08% |
| Loans/Savings | 97.48% | 90.69% | 88.05% | 86.68% | 83.59% | 84.37% |
| Loans/Assets | 81.08% | 78.04% | 76.20% | 75.01% | 72.76% | 73.22% |
| Cash + ST Invest./Assets | 9.04% | 11.41% | 11.86% | 11.50% | 13.69% | 12.72% |
| <u>OTHER RATIOS</u> | | | | | | |
| Savings Growth | 8.98% | 11.58% | 6.92% | 6.10% | 7.48% | 5.91% |
| Net Worth Growth | 4.83% | 4.09% | 5.76% | 5.70% | 10.13% | 8.65% |
| Loan Growth | 10.61% | 4.38% | 3.23% | 4.34% | 4.07% | 7.16% |
| Asset Growth | 9.91% | 8.63% | 5.71% | 6.00% | 7.44% | 6.33% |
| Investments/Assets | 8.67% | 10.28% | 10.89% | 13.04% | 14.00% | 15.33% |
| Employee Cost/Gross Inc. | 27.14% | 28.68% | 29.86% | 31.32% | 32.16% | 33.99% |
| Employee Cost/ Avg. Assets | 1.92% | 1.86% | 1.80% | 1.75% | 1.76% | 1.70% |
| Average Loan Balance | \$11,777 | \$11,535 | \$11,706 | \$11,640 | \$11,882 | \$11,791 |
| Average Savings Balance | \$3,661 | \$4,023 | \$4,211 | \$4,330 | \$4,511 | \$4,364 |

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

***Foreclosed and Repossessed Assets*

**SIGNIFICANT OPERATIONAL RATIOS
FOR THE PERIOD ENDING SEPTEMBER 30, 2013**

| 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 | 24 | 23 | 62 | 23 | 32 | 10 | 174 |

CAPITAL ADEQUACY

| | | | | | | | |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Net Worth/Total Assets | 20.64% | 13.92% | 12.27% | 11.04% | 10.73% | 9.97% | 10.43% |
| Net Worth/PCA Optional Total Assets | 20.64% | 13.92% | 12.27% | 11.04% | 10.76% | 9.99% | 10.44% |
| Total Delinquency/Net Worth | 6.17% | 5.77% | 6.56% | 9.02% | 8.91% | 7.98% | 8.20% |
| Solvency Evaluation | 126.10% | 116.25% | 114.04% | 112.32% | 112.20% | 111.35% | 111.86% |
| Classified Assets/Net Worth | 4.99% | 4.63% | 6.03% | 6.08% | 7.88% | 8.32% | 7.83% |

ASSET QUALITY

| | | | | | | | |
|--|-------|-------|--------|---------|--------|--------|--------|
| Delinquent Loans/Loans | 2.34% | 1.38% | 1.37% | 1.42% | 1.30% | 1.06% | 1.17% |
| Net Charge Offs/Avg. Loans | 0.37% | 0.28% | 0.34% | 0.45% | 0.38% | 0.41% | 0.40% |
| Fair Value/Amortized Cost for HTM | N/A | N/A | 96.76% | 100.36% | 97.77% | 98.87% | 98.61% |
| Accumulated Unrealized Gains or Losses on AFS/Amortized Cost AFS | N/A | N/A | -1.40% | -2.01% | -2.09% | -0.58% | -0.94% |
| Delinquent Loans/Assets | 1.27% | 0.80% | 0.80% | 1.00% | 0.96% | 0.80% | 0.86% |

EARNINGS (to Average Assets)

| | | | | | | | |
|------------------------------|---------|--------|--------|--------|--------|--------|--------|
| Return on Average Assets | -0.50% | 0.03% | 0.25% | 0.44% | 0.64% | 1.19% | 0.92% |
| ROAA Excluding NCUA expenses | -0.42% | 0.12% | 0.34% | 0.54% | 0.73% | 1.28% | 1.01% |
| Gross Income | 3.48% | 3.83% | 4.20% | 4.72% | 5.06% | 5.12% | 5.01% |
| Yield on Average Loans | 5.50% | 5.13% | 5.05% | 4.84% | 4.82% | 4.41% | 4.59% |
| Yield on Average Investments | 0.68% | 0.90% | 0.82% | 1.07% | 0.83% | 0.81% | 0.84% |
| Fee & Other Op. Income | 0.13% | 0.46% | 0.89% | 1.08% | 1.36% | 1.66% | 1.48% |
| Cost of Funds | 0.32% | 0.26% | 0.31% | 0.41% | 0.49% | 0.50% | 0.48% |
| Net Margin | 3.16% | 3.56% | 3.89% | 4.30% | 4.57% | 4.62% | 4.53% |
| Operating Exp. (less PLL) | 3.63% | 3.38% | 3.52% | 3.58% | 3.67% | 3.10% | 3.32% |
| PLL | 0.23% | 0.17% | 0.15% | 0.24% | 0.28% | 0.34% | 0.30% |
| Net Interest Margin | 3.03% | 3.10% | 3.00% | 3.23% | 3.21% | 2.96% | 3.05% |
| Operating Exp./Gross Income | 104.26% | 88.33% | 83.87% | 75.98% | 72.50% | 60.51% | 66.30% |
| Fixed Assets+FRA's**/Assets | 0.26% | 0.89% | 2.01% | 3.06% | 3.22% | 2.42% | 2.66% |
| Net Operating Expense | 3.54% | 3.09% | 2.97% | 2.94% | 2.89% | 2.40% | 2.62% |

**SIGNIFICANT OPERATIONAL RATIOS
FOR THE PERIOD ENDING SEPTEMBER 30, 2013**

| 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 | 24 | 23 | 62 | 23 | 32 | 10 | 174 |

ASSET-LIABILITY MANAGEMENT

| | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|
| Net Long Term Assets/Assets | 7.39% | 15.34% | 16.89% | 24.54% | 32.08% | 35.71% | 32.65% |
| Shares/Savings+Borrowings | 79.02% | 73.65% | 47.77% | 32.78% | 30.16% | 24.07% | 28.08% |
| Loans/Savings | 68.68% | 68.12% | 67.21% | 80.09% | 84.84% | 86.62% | 84.37% |
| Loans/Assets | 54.31% | 58.36% | 58.59% | 70.33% | 73.51% | 75.11% | 73.22% |
| Cash + ST Invest./Assets | 32.09% | 24.55% | 23.28% | 13.65% | 12.03% | 11.69% | 12.72% |
| Shares, Deposits & Borrowings/Earning Assets | 79.76% | 87.96% | 91.13% | 93.71% | 94.71% | 93.31% | 93.55% |
| Shares + Drafts/Savings+Borrowings | 80.33% | 79.19% | 62.32% | 50.15% | 45.28% | 36.46% | 41.66% |
| Borrowings/Shares & Net Worth | 0.00% | 0.00% | 0.07% | 0.36% | 2.01% | 2.33% | 1.95% |

OTHER RATIOS

| | | | | | | | |
|----------------------------|---------|---------|----------|----------|----------|----------|----------|
| Net Worth Growth | -2.50% | -3.15% | 2.00% | 4.17% | 4.78% | 12.49% | 8.65% |
| Savings Growth | 0.98% | 1.29% | 3.22% | 1.63% | 4.05% | 7.70% | 5.91% |
| Loan Growth | -3.26% | 3.91% | -0.20% | 3.44% | 4.28% | 9.67% | 7.16% |
| Asset Growth | 0.22% | 0.80% | 2.89% | 1.80% | 4.24% | 8.35% | 6.33% |
| Investment Growth | -11.95% | -31.13% | -1.64% | -1.07% | 10.87% | 10.72% | 7.87% |
| Investments/Assets | 25.12% | 27.64% | 29.15% | 18.05% | 14.24% | 13.96% | 15.33% |
| Employee Cost/Gross Inc. | 53.58% | 45.58% | 40.02% | 38.39% | 39.04% | 30.45% | 33.99% |
| Employee Cost/ Avg. Assets | 1.86% | 1.74% | 1.68% | 1.81% | 1.98% | 1.56% | 1.70% |
| Average Loan Balance | \$7,185 | \$8,602 | \$10,100 | \$12,256 | \$13,508 | \$11,263 | \$11,791 |
| Average Savings Balance | \$2,338 | \$3,244 | \$3,667 | \$3,940 | \$4,333 | \$4,548 | \$4,364 |

***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 SEPTEMBER 30, 2013**

| 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 | 24 | 23 | 62 | 23 | 32 | 10 | 174 |
| <u>OPERATING INCOME</u> | | | | | | | |
| Interest on Loans | 87.01% | 77.37% | 71.37% | 71.81% | 69.98% | 64.38% | 66.89% |
| Less: Interest Refunds | 0.00% | 0.00% | 0.05% | 0.05% | 0.02% | 0.00% | 0.01% |
| Income on Investments | 9.21% | 10.67% | 7.38% | 5.44% | 3.22% | 3.18% | 3.59% |
| Income on Trading Securities | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Fee Income | 2.59% | 7.48% | 13.22% | 13.60% | 15.53% | 13.62% | 14.11% |
| Other Operating Income | <u>1.19%</u> | <u>4.48%</u> | <u>8.08%</u> | <u>9.20%</u> | <u>11.29%</u> | <u>18.83%</u> | <u>15.42%</u> |
| TOTAL INCOME | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| <u>OPERATING EXPENSES</u> | | | | | | | |
| Employee Costs | 53.58% | 45.58% | 40.02% | 38.39% | 39.04% | 30.45% | 33.99% |
| Travel and Conference | 0.55% | 0.69% | 0.82% | 1.00% | 0.80% | 0.44% | 0.60% |
| Office Occupancy | 3.28% | 4.99% | 5.65% | 5.14% | 5.21% | 4.10% | 4.57% |
| General Operations | 23.61% | 18.07% | 15.28% | 14.05% | 11.70% | 10.22% | 11.20% |
| Education and Promotion | 0.58% | 0.69% | 1.92% | 2.04% | 2.50% | 2.38% | 2.36% |
| Loan Servicing | 2.06% | 2.16% | 5.28% | 4.04% | 4.71% | 5.33% | 5.05% |
| Professional Services | 6.50% | 7.53% | 9.28% | 7.19% | 3.93% | 3.93% | 4.44% |
| Member Insurance | 4.63% | 3.37% | 2.47% | 2.11% | 1.95% | 1.74% | 1.87% |
| Operating Fees | 2.74% | 1.23% | 0.66% | 0.32% | 0.29% | 0.23% | 0.28% |
| Miscellaneous | <u>6.75%</u> | <u>4.01%</u> | <u>2.50%</u> | <u>1.70%</u> | <u>2.37%</u> | <u>1.68%</u> | <u>1.94%</u> |
| TOTAL ADMINISTRATIVE | 104.26% | 88.33% | 83.87% | 75.98% | 72.50% | 60.51% | 66.30% |
| Provision for Loan Loss | <u>6.58%</u> | <u>4.44%</u> | <u>3.59%</u> | <u>5.05%</u> | <u>5.44%</u> | <u>6.66%</u> | <u>6.04%</u> |
| TOTAL OPERATING EXP. | 110.84% | 92.77% | 87.47% | 81.02% | 77.94% | 67.17% | 72.33% |
| <u>COST OF FUNDS</u> | | | | | | | |
| Interest on Borrowed Funds | 0.00% | 0.03% | 0.02% | 0.22% | 0.66% | 0.83% | 0.70% |
| Dividends on Savings | <u>9.06%</u> | <u>6.87%</u> | <u>7.29%</u> | <u>8.54%</u> | <u>9.10%</u> | <u>8.98%</u> | <u>8.89%</u> |
| TOTAL COST OF FUNDS | 9.06% | 6.90% | 7.30% | 8.76% | 9.75% | 9.81% | 9.58% |
| <u>NET INCOME FROM OPERATIONS</u> | -19.90% | 0.34% | 5.23% | 10.21% | 12.31% | 23.02% | 18.08% |
| NON-OPERATING GAIN/LOSS | <u>5.66%</u> | <u>0.37%</u> | <u>0.72%</u> | <u>-0.83%</u> | <u>0.30%</u> | <u>0.29%</u> | <u>0.25%</u> |
| <u>NET INCOME</u> | -14.23% | 0.71% | 5.95% | 9.39% | 12.61% | 23.31% | 18.33% |
| NCUA EXPENSES | 2.23% | 2.43% | 2.22% | 1.96% | 1.77% | 1.66% | 1.74% |
| <u>ADJUSTED NET INCOME (LOSS)</u> | -12.00% | 3.14% | 8.16% | 11.34% | 14.38% | 24.96% | 20.07% |

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

**ANALYSIS OF INCOME AND EXPENSES TO AVERAGE ASSETS
FOR THE PERIOD ENDING SEPTEMBER 30, 2013**

| 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 | 24 | 23 | 62 | 23 | 32 | 10 | 174 |
| <u>OPERATING INCOME</u> | | | | | | | |
| Interest on Loans | 3.03% | 2.96% | 3.00% | 3.39% | 3.54% | 3.30% | 3.35% |
| Less: Interest Refunds | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Income on Investments | 0.32% | 0.41% | 0.31% | 0.26% | 0.16% | 0.16% | 0.18% |
| Income on Trading Securities | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Fee Income | 0.09% | 0.29% | 0.56% | 0.64% | 0.79% | 0.70% | 0.71% |
| Other Operating Income | <u>0.04%</u> | <u>0.17%</u> | <u>0.34%</u> | <u>0.43%</u> | <u>0.57%</u> | <u>0.96%</u> | <u>0.77%</u> |
| TOTAL INCOME | 3.48% | 3.83% | 4.20% | 4.72% | 5.06% | 5.12% | 5.01% |
| <u>OPERATING EXPENSES</u> | | | | | | | |
| Employee Costs | 1.86% | 1.74% | 1.68% | 1.81% | 1.98% | 1.56% | 1.70% |
| Travel and Conference | 0.02% | 0.03% | 0.03% | 0.05% | 0.04% | 0.02% | 0.03% |
| Office Occupancy | 0.11% | 0.19% | 0.24% | 0.24% | 0.26% | 0.21% | 0.23% |
| General Operations | 0.82% | 0.69% | 0.64% | 0.68% | 0.59% | 0.52% | 0.56% |
| Education and Promotion | 0.02% | 0.03% | 0.08% | 0.10% | 0.13% | 0.12% | 0.12% |
| Loan Servicing | 0.07% | 0.08% | 0.22% | 0.19% | 0.24% | 0.27% | 0.25% |
| Professional Services | 0.23% | 0.29% | 0.39% | 0.34% | 0.20% | 0.20% | 0.22% |
| Member Insurance | 0.16% | 0.13% | 0.10% | 0.10% | 0.10% | 0.09% | 0.09% |
| Operating Fees | 0.10% | 0.05% | 0.03% | 0.02% | 0.01% | 0.01% | 0.01% |
| Miscellaneous | <u>0.23%</u> | <u>0.15%</u> | <u>0.11%</u> | <u>0.08%</u> | <u>0.12%</u> | <u>0.09%</u> | <u>0.10%</u> |
| TOTAL ADMINISTRATIVE | 3.63% | 3.38% | 3.52% | 3.58% | 3.67% | 3.10% | 3.32% |
| Provision for Loan Loss | <u>0.23%</u> | <u>0.17%</u> | <u>0.15%</u> | <u>0.24%</u> | <u>0.28%</u> | <u>0.34%</u> | <u>0.30%</u> |
| TOTAL OPERATING EXP. | 3.86% | 3.55% | 3.67% | 3.82% | 3.95% | 3.44% | 3.62% |
| <u>COST OF FUNDS</u> | | | | | | | |
| Interest on Borrowed Funds | 0.00% | 0.00% | 0.00% | 0.01% | 0.03% | 0.04% | 0.03% |
| Dividends on Savings | <u>0.32%</u> | <u>0.26%</u> | <u>0.31%</u> | <u>0.40%</u> | <u>0.46%</u> | <u>0.46%</u> | <u>0.45%</u> |
| TOTAL COST OF FUNDS | 0.32% | 0.26% | 0.31% | 0.41% | 0.49% | 0.50% | 0.48% |
| <u>NET INCOME FROM OPERATIONS</u> | -0.69% | 0.01% | 0.22% | 0.48% | 0.62% | 1.18% | 0.91% |
| NON-OPERATING GAIN/LOSS | <u>0.20%</u> | <u>0.01%</u> | <u>0.03%</u> | <u>-0.04%</u> | <u>0.02%</u> | <u>0.01%</u> | <u>0.01%</u> |
| <u>NET INCOME</u> | -0.50% | 0.03% | 0.25% | 0.44% | 0.64% | 1.19% | 0.92% |
| NCUA EXPENSES | <u>0.08%</u> | <u>0.09%</u> | <u>0.09%</u> | <u>0.09%</u> | <u>0.09%</u> | <u>0.08%</u> | <u>0.09%</u> |
| <u>ADJUSTED NET INCOME (LOSS)</u> | -0.42% | 0.12% | 0.34% | 0.54% | 0.73% | 1.28% | 1.01% |

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

**LOAN DELINQUENCY
PERIOD ENDING SEPTEMBER 30, 2013**

| 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 | 24 | 23 | 62 | 23 | 32 | 10 | 174 |
| Loan Delinquency Ratios | | | | | | | |
| 2 - 6 Months Delinquent | 1.52% | 0.64% | 0.82% | 0.88% | 0.73% | 0.57% | 0.65% |
| 6 - 12 Months Delinquent | 0.67% | 0.30% | 0.33% | 0.30% | 0.32% | 0.23% | 0.27% |
| Over 12 Months Delinquent | <u>0.16%</u> | <u>0.44%</u> | <u>0.22%</u> | <u>0.24%</u> | <u>0.24%</u> | <u>0.25%</u> | <u>0.25%</u> |
| Total Delinquent Loans | 2.34% | 1.36% | 1.37% | 1.42% | 1.30% | 1.06% | 1.17% |
| Loan Loss Ratio | 0.37% | 0.28% | 0.34% | 0.45% | 0.38% | 0.41% | 0.40% |

**ANALYSIS OF LOANS BY TYPE
PERIOD ENDING SEPTEMBER 30, 2013**

| Number of Credit Unions | 24 | 23 | 62 | 23 | 32 | 10 | 174 |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Loan Types | | | | | | | |
| Credit Card Loans | 0.22% | 1.00% | 2.98% | 2.43% | 1.92% | 5.07% | 3.89% |
| Unsecured Loans | 10.07% | 8.20% | 3.32% | 1.91% | 3.34% | 2.19% | 2.58% |
| New Auto Loans | 21.76% | 15.73% | 8.09% | 6.05% | 3.98% | 4.37% | 4.61% |
| Used Auto Loans | 44.54% | 37.58% | 24.50% | 21.85% | 18.32% | 16.66% | 17.95% |
| First Mortgages | 10.96% | 20.60% | 45.77% | 51.60% | 54.33% | 51.00% | 51.57% |
| Other Real Estate | 2.83% | 7.52% | 8.27% | 8.61% | 9.00% | 12.03% | 10.74% |
| Leases | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| All Other Loans | <u>9.62%</u> | <u>9.36%</u> | <u>7.06%</u> | <u>7.48%</u> | <u>9.03%</u> | <u>7.22%</u> | <u>7.75%</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% | 2.78% | 2.93% | 2.91% | 3.17% | 2.01% | 2.44% |
| First Mortgage - Fixed - 15 yrs. Or less | 2.40% | 6.48% | 10.03% | 12.58% | 11.95% | 16.65% | 14.69% |
| First Mortgage - Balloon/Hybrid - > 5 yrs. | 1.98% | 3.11% | 1.63% | 2.83% | 7.40% | 6.93% | 6.51% |
| First Mortgage - Balloon/Hybrid - 5 yrs. Or less | 6.58% | 8.05% | 22.70% | 23.26% | 17.10% | 15.45% | 16.75% |
| First Mortgage - Other Fixed Rate | 0.00% | 0.07% | 0.44% | 0.12% | 0.06% | 0.33% | 0.25% |
| First Mortgage - Adjustable - 1 year or less | 0.00% | 0.00% | 3.04% | 2.49% | 5.31% | 3.81% | 4.09% |
| First Mortgage - Adjustable - > 1 year | 0.00% | 0.11% | 4.99% | 7.41% | 9.34% | 5.81% | 6.84% |

| | | | | | | | |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Other - Closed End Fixed | 2.83% | 4.94% | 3.95% | 3.16% | 2.70% | 3.14% | 3.06% |
| Other - Closed End Adjustable | 0.00% | 0.04% | 1.14% | 1.14% | 0.78% | 0.67% | 0.75% |
| Other - Open End Adjustable | 0.00% | 2.52% | 3.18% | 4.25% | 5.36% | 8.21% | 6.87% |
| Other - Open-End Fixed | 0.00% | 0.02% | 0.00% | 0.07% | 0.16% | 0.00% | 0.05% |
| Other | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

| | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|
| Total Real Estate (As a percent of loans) | 13.79% | 28.12% | 54.04% | 60.21% | 63.33% | 63.02% | 62.31% |
|--|--------|--------|--------|--------|--------|--------|--------|

| | | | | | | | |
|---|-------|--------|--------|--------|--------|--------|--------|
| Total Real Estate (As a percent of assets) | 7.49% | 16.41% | 31.66% | 42.35% | 46.55% | 47.33% | 45.62% |
|---|-------|--------|--------|--------|--------|--------|--------|

**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 SEPTEMBER 30, 2013**

| 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 | 24 | 23 | 62 | 23 | 32 | 10 | 174 |
| Share Drafts | 1.34% | 5.81% | 14.88% | 17.73% | 15.83% | 12.96% | 14.17% |
| Regular Shares | 78.99% | 73.38% | 47.48% | 32.63% | 30.48% | 24.45% | 28.40% |
| Money Market Shares | 2.14% | 2.77% | 13.57% | 19.98% | 23.26% | 32.14% | 27.50% |
| Share Certificates | 17.10% | 15.35% | 16.49% | 20.13% | 20.50% | 22.32% | 21.26% |
| IRA Accounts | 0.40% | 2.35% | 6.47% | 8.76% | 8.45% | 7.39% | 7.69% |
| All Other Shares | <u>0.03%</u> | <u>0.34%</u> | <u>1.10%</u> | <u>0.77%</u> | <u>1.49%</u> | <u>0.75%</u> | <u>0.98%</u> |
| Total Shares | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

**ANALYSIS OF INVESTMENTS BY TYPE
PERIOD ENDING SEPTEMBER 30, 2013**

| 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 | 24 | 23 | 62 | 23 | 32 | 10 | 174 |
| Trading Securities | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Available for Sale Securities | 0.00% | 0.00% | 2.64% | 28.24% | 30.46% | 62.48% | 43.75% |
| Held-to-Maturity Securities | 0.00% | 0.00% | 1.85% | 2.22% | 3.61% | 6.26% | 4.67% |
| Commercial Banks, S&L's, and Mutual Savings Banks | 58.86% | 66.50% | 74.81% | 47.58% | 41.51% | 9.73% | 29.24% |
| Credit Unions | 31.13% | 22.66% | 5.80% | 2.63% | 2.53% | 0.43% | 2.02% |
| Corporate Credit Unions | 10.01% | 10.85% | 11.86% | 14.26% | 16.78% | 11.56% | 13.16% |
| Other Investments | <u>0.00%</u> | <u>0.00%</u> | <u>3.04%</u> | <u>5.08%</u> | <u>5.10%</u> | <u>9.54%</u> | <u>7.17%</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.