



# 2014 MID-YEAR CREDIT UNION BULLETIN

This bulletin highlights the 2014 mid-year financial trends for Wisconsin's 166 state-chartered credit unions. The analysis is based on data compiled from the June 2014 5300 call reports. This information is provided to keep you informed of current conditions and trends in the Wisconsin credit union industry.

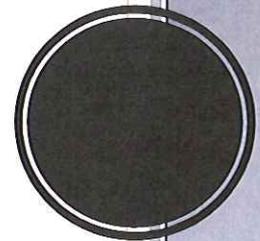
Total assets increased to \$25.7 billion, up from \$24.5 billion as of yearend 2013. The net worth ratio remained strong at 10.64%. Net income was over \$119 million resulting in a return on average assets ratio of 0.95%.

Loans outstanding grew by \$788 million since yearend 2013 and savings grew by \$1.135 billion resulting in a loan to savings ratio of 85.37%. The delinquency ratio was 0.98% compared to 1.10% as of December 31, 2013.

The financial indicators for Wisconsin's state-chartered credit unions exhibit sound financial performance through June 30, 2014.

Additional information about consolidations and liquidations that occurred in the first half of 2014 is included in this bulletin.

Kim Santos, Director  
Office of Credit Unions



## ***Changes to Statute & Administrative Code***

Recently, a variety of amendments were made to Chapter 186 and the Administrative Code. The revised statute and code are at [www.wdfl.org](http://www.wdfl.org). In addition, a new administrative rule, DFI-CU 75 was finalized regarding Incidental Powers. DFI-CU 75 lists the activities that credit unions may engage in, patterned after the list of incidental powers authorized for federally chartered credit unions.

## ***CUSO Rule Changes***

The administrative code on credit union service organizations (CUSOs) was repealed. This eliminates conflicts with the NCUA's CUSO regulation which has been expanded to cover all federally insured, state-chartered credit unions (including all Wisconsin credit unions). No changes were made to the Wisconsin CUSO statute.

NCUA Letter to Credit Unions, No. 13-CU-14 is about changes to the NCUA regulations related to CUSOs. In addition, Letter to Credit Unions, No. 14-CU-07 discussed the contractual agreements with CUSOs. The amended NCUA rules will require greater transparency. They also address accounting, financial statements, and audits. The rule now limits the ability of "less than adequately capitalized" FISCUs to recapitalize their CUSOs. Also, CUSOs will have to provide annual information to the NCUA and state supervisory authority. NCUA is currently creating a CUSO system for registration and reporting and expects it to be up and running by December 31, 2015. Compliance with the NCUA rules will require credit unions with loans or investments in CUSOs to make changes in the agreements they have with the CUSO. Going forward, new agreements must comply with the NCUA rules.

## ***Internal and Cash Controls***

A sound system of internal controls is essential to ensure your credit union is operated in a safe manner, consistent with your board's approved policies and procedures. An effective system of controls deters and mitigates the risk of fraud, errors, and other operational problems. Also, credit unions need to provide for a strong supervisory committee and audit function that is commensurate with the size and complexity of your credit union.

As part of the internal controls process, management must establish prudent cash limits which are consistent with the daily needs of the organization. Along with those limits, procedures for surprise cash counts; dual controls over cash operations; adequate vault controls; working cameras; and timed locks with access documentation need to be established. In addition, a review process must be implemented to ensure cash controls abide by policy and incidents are reported and followed up on.

## ***New Office of Credit Union Employees***

The Office of Credit Unions has hired the following examiners in 2014: Carrie Ouradnik and Alex Bruins in the Madison territory; Christy Megna in the Fox Valley territory; and Mark Huser and William Carvalho in the Northwest territory.

## ***Peer Group Data***

Please note that the cost of funds data for the peer group of credit unions less than \$2 million is distorted due to a credit union returning a large amount of equity to their members as a special dividend.

## 2014 CONSOLIDATIONS

<b>Consolidation Date</b>	<b>Absorbed Credit Union</b>	<b>Location</b>	<b>Continuing Credit Union</b>	<b>Location</b>
2/28/2014	Sacred Heart Hospital Employees	Eau Claire	Royal	Eau Claire
4/30/2014	Best Advantage	Brillion	CitizensFirst	Oshkosh
4/30/2014	Lakeview	Neenah	CitizensFirst	Oshkosh
6/30/2014	Postal Credit Union of Fond du Lac	Fond du Lac	Fond du Lac	Fond du Lac

## 2014 LIQUIDATIONS

<b>Liquidation Date</b>	<b>Credit Union</b>	<b>Location</b>
4/30/2014	Badger Meter	Milwaukee

**COMPARISON STATEMENTS OF CONDITION  
OF WISCONSIN CREDIT UNIONS  
JUNE 30, 2014 and DECEMBER 31, 2013**

	<u>June 30, 2014</u>		<u>December 31, 2013</u>		Increase or Decrease	% Change
<u>Number of Credit Unions</u>	166		171		-5	-2.9%
	<u>AMOUNT</u>	<u>% OF ASSETS</u>	<u>AMOUNT</u>	<u>% OF ASSETS</u>		
<u>ASSETS</u>						
Personal Loans	7,218,032,082	28.1%	6,878,424,788	28.1%	339,607,294	4.9%
Real Estate Loans	11,780,540,054	45.8%	11,332,150,376	46.2%	448,389,678	4.0%
Total Loans	18,998,572,136	73.9%	18,210,575,164	74.3%	787,996,972	4.3%
Allowance for Loan Losses	184,405,266	0.7%	194,286,212	0.8%	-9,880,946	-5.1%
Net Loans	18,814,166,870	73.2%	18,016,288,952	73.5%	797,877,918	4.4%
Cash	1,710,007,856	6.7%	1,524,984,939	6.2%	185,022,917	12.1%
Investments	3,812,721,697	14.8%	3,721,001,539	15.2%	91,720,158	2.5%
Fixed Assets	655,205,880	2.5%	641,155,545	2.6%	14,050,335	2.2%
Other Assets	713,613,970	2.8%	614,459,312	2.5%	99,154,658	16.1%
TOTAL ASSETS	<u>25,705,716,273</u>	100.0%	<u>24,517,890,287</u>	100.0%	<u>1,187,825,986</u>	4.8%
<u>LIABILITIES</u>						
Regular Shares	6,708,716,307	26.1%	5,886,001,399	24.0%	822,714,908	14.0%
Share Drafts	3,315,628,015	12.9%	3,091,352,659	12.6%	224,275,356	7.3%
Other Shares & Deposits	12,229,001,964	47.6%	12,140,641,349	49.5%	88,360,615	0.7%
Total Savings	22,253,346,286	86.6%	21,117,995,407	86.1%	1,135,350,879	5.4%
Notes and Accounts Pay.	732,831,567	2.9%	817,636,018	3.3%	-84,804,451	-10.4%
Regular Reserve	928,013,492	3.6%	927,054,729	3.8%	958,763	0.1%
Other Reserves	1,791,524,928	7.0%	1,655,204,133	6.8%	136,320,795	8.2%
TOTAL LIABILITIES	<u>25,705,716,273</u>	100.0%	<u>24,517,890,287</u>	100.0%	<u>1,187,825,986</u>	4.8%

**STATEMENT OF INCOME  
FOR WISCONSIN CREDIT UNIONS  
FOR THE PERIOD ENDING JUNE 30, 2014**

<b>INCOME</b>	<u>AMOUNT</u>	<u>% OF GROSS INCOME</u>	<u>% OF AVERAGE ASSETS</u>
Interest on Loans	406,755,394	68.66%	3.24%
Less: Interest Refunds	<u>519,892</u>	0.09%	0.00%
<b>Net Interest Income</b>	406,235,502	68.57%	3.24%
Income on Investments	25,400,847	4.29%	0.20%
Other Income	<u>160,769,483</u>	27.14%	1.28%
<b>TOTAL OPERATING INCOME</b>	592,405,832	100.00%	4.72%
<b>ADMINISTRATIVE EXPENSES</b>			
Employee Costs	208,959,497	35.27%	1.66%
Travel and Conference	4,333,045	0.73%	0.03%
Office Occupancy	29,543,398	4.99%	0.24%
General Operations	70,519,611	11.90%	0.56%
Education and Promotion	14,285,997	2.41%	0.11%
Loan Servicing	31,543,882	5.32%	0.25%
Professional Services	28,487,275	4.81%	0.23%
Member Insurance	1,441,455	0.24%	0.01%
Operating Fees	1,640,884	0.28%	0.01%
Other Operational Expenses	<u>11,935,514</u>	2.01%	0.10%
<b>TOTAL ADMINISTRATIVE</b>	402,690,558	67.98%	3.21%
Provision for Loan Loss	<u>23,260,998</u>	3.93%	0.19%
<b>TOTAL OPERATING EXPENSES</b>	425,951,556	71.90%	3.39%
Dividends Paid on Savings	50,143,156	8.46%	0.40%
Interest on Borrowed Funds	<u>4,095,867</u>	0.69%	0.03%
<b>TOTAL COST OF FUNDS</b>	54,239,023	9.16%	0.43%
<b>TOTAL EXPENSES</b>	480,190,579	81.06%	3.82%
<b>NET OPERATING INCOME</b>	112,215,253	18.94%	0.89%
<b>NON-OPERATING GAIN/LOSS</b>	<u>7,360,607</u>	1.24%	0.06%
<b>NET INCOME</b>	119,575,860	20.18%	0.95%
<b>NCUA PREMIUMS AND ASSESSMENTS</b>	684,231	0.12%	0.01%
<b>NET INCOME (LOSS)</b>	120,260,091	20.30%	0.96%

*Small statistical errors may exist due to rounding.  
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**COMPARISON STATEMENTS OF INCOME  
FOR WISCONSIN CREDIT UNIONS  
FOR THE PERIODS ENDING JUNE 30, 2014 AND JUNE 30, 2013**

	2014	% OF AVERAGE ASSETS	2013	% OF AVERAGE ASSETS
	<u>AMOUNT</u>		<u>AMOUNT</u>	
<b>INCOME</b>				
Interest on Loans	406,755,394	3.24%	398,059,142	3.34%
Less: Interest Refunds	<u>519,892</u>	<u>0.00%</u>	<u>82,373</u>	<u>0.00%</u>
Net Interest Income	406,235,502	3.24%	397,976,769	3.34%
Income on Investments	25,400,847	0.20%	21,579,467	0.18%
Other Income	<u>160,769,483</u>	<u>1.28%</u>	<u>179,142,161</u>	<u>1.50%</u>
TOTAL OPERATING INCOME	592,405,832	4.72%	598,698,397	5.02%
<b>ADMINISTRATIVE EXPENSES</b>				
Employee Costs	208,959,497	1.66%	204,715,620	1.72%
Travel and Conference	4,333,045	0.03%	3,784,610	0.03%
Office Occupancy	29,543,398	0.24%	27,548,696	0.23%
General Operations	70,519,611	0.56%	67,239,041	0.56%
Education and Promotion	14,285,997	0.11%	14,109,971	0.12%
Loan Servicing	31,543,882	0.25%	29,682,842	0.25%
Professional Services	28,487,275	0.23%	26,942,486	0.23%
Member Insurance	1,441,455	0.01%	9,898,744	0.08%
Operating Fees	1,640,884	0.01%	1,628,036	0.01%
Other Operational Expenses	<u>11,935,514</u>	<u>0.10%</u>	<u>10,867,937</u>	<u>0.09%</u>
TOTAL ADMINISTRATIVE	402,690,558	3.21%	396,417,983	3.33%
Provision for Loan Loss	<u>23,260,998</u>	<u>0.19%</u>	<u>34,943,770</u>	<u>0.29%</u>
TOTAL OPERATING EXPENSES	425,951,556	3.39%	431,361,753	3.62%
<b>COST OF ACQUISITION OF FUNDS</b>				
Dividends Paid on Savings	50,143,156	0.40%	54,086,585	0.45%
Interest on Borrowed Funds	<u>4,095,867</u>	<u>0.03%</u>	<u>4,221,935</u>	<u>0.04%</u>
TOTAL COST OF FUNDS	<u>54,239,023</u>	<u>0.43%</u>	<u>58,308,520</u>	<u>0.49%</u>
TOTAL EXPENSES	480,190,579	3.82%	489,670,273	4.11%
<b>NET OPERATING INCOME</b>	112,215,253	0.89%	109,028,124	0.91%
<b>NON-OPERATING GAIN/LOSS</b>	<u>7,360,607</u>	<u>0.06%</u>	<u>1,303,467</u>	<u>0.01%</u>
<b>NET INCOME</b>	119,575,860	0.95%	110,331,591	0.93%
<b>NCUA PREMIUMS &amp; ASSESSMENTS</b>	684,231	0.01%	6,431,475	0.05%
<b>NET INCOME (LOSS)</b>	120,260,091	0.96%	116,763,066	0.98%

**SIGNIFICANT OPERATIONAL RATIOS  
FOR ALL WISCONSIN CREDIT UNIONS  
2009-2014**

	2009	2010	2011	2012	2013	2014
Number of Credit Unions	236	223	203	187	171	166
<u>CAPITAL ADEQUACY</u>						
Net Worth/Total Assets	10.08%	9.99%	9.96%	10.25%	10.65%	10.64%
Total Delinquency/Net Worth	15.53%	14.30%	13.75%	9.66%	7.70%	6.82%
Solvency Evaluation	111.55%	111.38%	111.39%	111.73%	112.23%	112.22%
Classified Assets/Net Worth	7.91%	8.49%	9.18%	8.28%	7.44%	6.74%
<u>ASSET QUALITY</u>						
Delinquent Loans/Loans	2.01%	1.87%	1.83%	1.36%	1.10%	0.98%
Net Charge Offs/Avg. Loans	0.66%	0.60%	0.59%	0.51%	0.43%	0.34%
<u>EARNINGS (to Average Assets)</u>						
Return on Average Assets	0.46%	0.47%	0.59%	1.00%	0.96%	0.95%
Net Operating Expense	2.78%	3.00%	2.86%	2.69%	2.61%	2.61%
Fixed Assets+FRA's**/Assets	3.11%	3.11%	2.95%	2.78%	2.66%	2.59%
Gross Income	6.47%	6.02%	5.59%	5.48%	5.04%	4.72%
Cost of Funds	1.71%	1.19%	0.86%	0.62%	0.48%	0.43%
Operating Exp. (less PLL)	3.54%	3.67%	3.58%	3.43%	3.32%	3.21%
Net Interest Margin	3.25%	3.37%	3.35%	3.24%	3.07%	3.01%
PLL	0.73%	0.63%	0.55%	0.41%	0.30%	0.19%
<u>ASSET-LIABILITY MANAGEMENT</u>						
Net Long Term Assets/Assets	31.32%	30.42%	30.62%	30.65%	33.07%	33.27%
Shares/Savings+Borrowings	20.48%	22.80%	23.05%	25.45%	27.44%	29.83%
Loans/Savings	90.69%	88.05%	86.68%	83.59%	86.23%	85.37%
Loans/Assets	78.04%	76.20%	75.01%	72.76%	74.27%	73.91%
Cash + ST Invest./Assets	11.41%	11.86%	11.50%	13.69%	12.16%	12.13%
<u>OTHER RATIOS</u>						
Savings Growth	11.58%	6.92%	6.10%	7.48%	3.95%	10.77%
Net Worth Growth	4.09%	5.76%	5.70%	10.13%	9.12%	9.60%
Loan Growth	4.38%	3.23%	4.34%	4.07%	7.20%	8.66%
Asset Growth	8.63%	5.71%	6.00%	7.44%	5.05%	9.72%
Investments/Assets	10.28%	10.89%	13.04%	14.00%	15.18%	14.83%
Employee Cost/Gross Inc.	28.68%	29.86%	31.32%	32.16%	33.98%	35.27%
Employee Cost/ Avg. Assets	1.86%	1.80%	1.75%	1.76%	1.71%	1.66%
Average Loan Balance	\$11,535	\$11,706	\$11,640	\$11,882	\$11,820	\$12,049
Average Savings Balance	\$4,023	\$4,211	\$4,330	\$4,511	\$4,543	\$4,667

\*\*Foreclosed and Repossessed Assets

**SIGNIFICANT OPERATIONAL RATIOS  
FOR THE PERIOD ENDING JUNE 30, 2014**

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	23	22	57	23	29	12	166
<b><u>CAPITAL ADEQUACY</u></b>							
Net Worth/Total Assets	18.20%	15.38%	12.04%	11.43%	11.12%	10.21%	10.64%
Net Worth/PCA Optional Total Assets	18.20%	15.40%	12.05%	11.43%	11.15%	10.25%	10.67%
Total Delinquency/Net Worth	5.53%	4.37%	5.41%	7.82%	7.38%	6.66%	6.82%
Solvency Evaluation	122.44%	118.24%	113.76%	112.57%	112.78%	111.79%	112.22%
Classified Assets/Net Worth	5.30%	4.27%	5.88%	5.50%	6.30%	7.18%	6.74%
<b><u>ASSET QUALITY</u></b>							
Delinquent Loans/Loans	1.75%	1.20%	1.11%	1.29%	1.15%	0.88%	0.98%
Net Charge Offs/Avg. Loans	0.35%	0.33%	0.23%	0.30%	0.31%	0.36%	0.34%
Fair Value/Amortized Cost for HTM	N/A	N/A	98.04%	100.29%	90.75%	99.59%	97.50%
Accumulated Unrealized Gains or Losses on AFS/Amortized Cost AFS	N/A	N/A	-0.91%	-0.74%	-0.65%	0.06%	-0.12%
Delinquent Loans/Assets	1.01%	0.67%	0.65%	0.89%	0.82%	0.68%	0.73%
<b><u>EARNINGS (to Average Assets)</u></b>							
Return on Average Assets	-6.55%	0.01%	0.27%	0.58%	0.75%	1.14%	0.95%
ROAA Excluding NCUA expenses	-6.55%	0.01%	0.28%	0.58%	0.77%	1.15%	0.96%
Gross Income	3.43%	3.54%	4.07%	4.44%	4.79%	4.79%	4.72%
Yield on Average Loans	5.24%	4.93%	4.86%	4.59%	4.67%	4.20%	4.37%
Yield on Average Investments	0.73%	0.87%	0.85%	1.05%	0.91%	1.03%	0.98%
Fee & Other Op. Income	0.14%	0.37%	0.87%	0.97%	1.25%	1.37%	1.28%
Cost of Funds	6.37%	0.26%	0.24%	0.34%	0.40%	0.46%	0.43%
Net Margin	-2.94%	3.28%	3.83%	4.11%	4.39%	4.33%	4.29%
Operating Exp. (less PLL)	3.78%	3.20%	3.52%	3.51%	3.58%	3.01%	3.21%
PLL	0.16%	0.09%	0.09%	0.03%	0.09%	0.25%	0.19%
Net Interest Margin	-3.08%	2.92%	2.96%	3.14%	3.14%	2.95%	3.01%
Operating Exp./Gross Income	110.12%	90.57%	86.43%	78.99%	74.76%	62.79%	67.98%
Fixed Assets+FRA's**/Assets	0.26%	0.86%	1.98%	3.09%	3.12%	2.41%	2.59%
Net Operating Expense	3.68%	2.97%	2.99%	2.89%	2.84%	2.46%	2.61%
<b><u>ASSET-LIABILITY MANAGEMENT</u></b>							
Net Long Term Assets/Assets	6.87%	15.44%	18.03%	27.11%	33.10%	35.48%	33.27%
Shares/Savings+Borrowings	80.85%	72.64%	49.00%	35.18%	33.75%	25.81%	29.83%
Loans/Savings	71.00%	66.22%	67.46%	79.00%	82.64%	88.79%	85.37%
Loans/Assets	57.58%	55.83%	58.80%	69.41%	71.14%	76.88%	73.91%
Cash + ST Invest./Assets	29.53%	26.58%	22.71%	14.46%	12.93%	10.54%	12.13%
Shares, Deposits & Borrowings/Earning Assets	82.25%	86.40%	91.41%	93.89%	94.42%	93.17%	93.37%
Shares + Drafts/Savings+Borrowings	82.15%	78.88%	64.30%	51.65%	50.91%	38.82%	44.13%
Borrowings/Shares & Net Worth	0.38%	0.02%	0.28%	0.27%	2.14%	2.06%	1.84%
<b><u>OTHER RATIOS</u></b>							
Net Worth Growth	-31.22%	0.05%	2.21%	10.13%	7.30%	11.52%	9.60%
Savings Growth	-6.20%	7.06%	6.14%	6.76%	7.58%	12.88%	10.77%
Loan Growth	-3.80%	0.06%	-0.07%	1.83%	5.65%	11.07%	8.66%
Asset Growth	-10.62%	5.50%	5.41%	6.34%	7.76%	11.28%	9.72%
Investment Growth	-36.49%	-11.15%	7.42%	7.49%	11.29%	14.07%	11.79%
Investments/Assets	22.23%	29.92%	29.13%	18.86%	15.68%	12.73%	14.83%
Employee Cost/Gross Inc.	56.67%	47.11%	41.90%	40.50%	41.24%	31.94%	35.27%
Employee Cost/ Avg. Assets	1.95%	1.67%	1.71%	1.80%	1.97%	1.53%	1.66%
Average Loan Balance	\$6,863	\$8,834	\$10,441	\$12,188	\$14,847	\$11,443	\$12,049
Average Savings Balance	\$2,247	\$3,444	\$3,718	\$4,023	\$4,385	\$5,002	\$4,667

\*\*Foreclosed and Repossessed Assets

Small statistical errors may exist due to rounding.  
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**ANALYSIS OF INCOME AND EXPENSES TO GROSS INCOME  
FOR THE PERIOD ENDING JUNE 30, 2014**

Peer Groups by Assets	\$ 2,000,001- <\$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	23	22	57	23	29	12	166
<b>OPERATING INCOME</b>							
Interest on Loans	86.24%	78.93%	71.05%	72.51%	69.80%	67.60%	68.66%
Less: Interest Refunds	0.00%	0.00%	0.00%	0.08%	0.02%	0.12%	0.09%
Income on Investments	9.58%	10.74%	7.67%	5.78%	4.20%	3.88%	4.29%
Income on Trading Securities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fee Income	2.96%	6.67%	13.06%	13.95%	15.50%	11.43%	12.63%
Other Operating Income	<u>1.21%</u>	<u>3.67%</u>	<u>8.22%</u>	<u>7.85%</u>	<u>10.51%</u>	<u>17.20%</u>	<u>14.51%</u>
TOTAL INCOME	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>OPERATING EXPENSES</b>							
Employee Costs	56.67%	47.11%	41.90%	40.50%	41.24%	31.94%	35.27%
Travel and Conference	0.63%	1.03%	0.93%	1.03%	0.93%	0.61%	0.73%
Office Occupancy	3.86%	5.86%	6.23%	5.83%	5.90%	4.46%	4.99%
General Operations	25.92%	19.70%	15.93%	14.35%	13.12%	10.85%	11.90%
Education and Promotion	0.55%	0.80%	2.12%	2.28%	2.54%	2.41%	2.41%
Loan Servicing	2.61%	2.45%	6.07%	5.24%	4.04%	5.78%	5.32%
Professional Services	7.63%	7.60%	9.61%	7.87%	4.30%	4.32%	4.81%
Member Insurance	1.54%	0.86%	0.23%	0.21%	0.43%	0.17%	0.24%
Operating Fees	2.45%	1.18%	0.69%	0.38%	0.33%	0.21%	0.28%
Miscellaneous	<u>8.25%</u>	<u>3.98%</u>	<u>2.72%</u>	<u>1.31%</u>	<u>1.94%</u>	<u>2.04%</u>	<u>2.01%</u>
TOTAL ADMINISTRATIVE	110.12%	90.57%	86.43%	78.99%	74.76%	62.79%	67.98%
Provision for Loan Loss	<u>4.65%</u>	<u>2.52%</u>	<u>2.21%</u>	<u>0.60%</u>	<u>1.98%</u>	<u>5.12%</u>	<u>3.93%</u>
TOTAL OPERATING EXP.	114.77%	93.08%	88.65%	79.59%	76.74%	67.91%	71.90%
<b>COST OF FUNDS</b>							
Interest on Borrowed Funds	0.07%	0.05%	0.03%	0.18%	0.64%	0.81%	0.69%
Dividends on Savings	<u>185.51%</u>	<u>7.17%</u>	<u>5.92%</u>	<u>7.36%</u>	<u>7.70%</u>	<u>8.86%</u>	<u>8.46%</u>
TOTAL COST OF FUNDS	185.58%	7.22%	5.95%	7.54%	8.35%	9.67%	9.16%
<b>NET INCOME FROM OPERATIONS</b>	-200.35%	-0.31%	5.41%	12.87%	14.91%	22.42%	18.94%
<b>NON-OPERATING GAIN/LOSS</b>	<u>9.49%</u>	<u>0.52%</u>	<u>1.34%</u>	<u>0.15%</u>	<u>0.85%</u>	<u>1.49%</u>	<u>1.24%</u>
<b>NET INCOME</b>	-190.86%	0.21%	6.75%	13.02%	15.76%	23.90%	20.18%
NCUA EXPENSES	0.06%	0.19%	0.05%	0.09%	0.22%	0.08%	0.12%
<b>ADJUSTED NET INCOME (LOSS)</b>	-190.80%	0.40%	6.79%	13.11%	15.98%	23.98%	20.30%

*Small statistical errors may exist due to rounding.  
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**ANALYSIS OF INCOME AND EXPENSES TO AVERAGE ASSETS  
FOR THE PERIOD ENDING JUNE 30, 2014**

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	23	22	57	23	29	12	166
<b><u>OPERATING INCOME</u></b>							
Interest on Loans	2.96%	2.79%	2.89%	3.22%	3.34%	3.24%	3.24%
Less: Interest Refunds	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%
Income on Investments	0.33%	0.38%	0.31%	0.26%	0.20%	0.19%	0.20%
Income on Trading Securities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fee Income	0.10%	0.24%	0.53%	0.62%	0.74%	0.55%	0.60%
Other Operating Income	<u>0.04%</u>	<u>0.13%</u>	<u>0.33%</u>	<u>0.35%</u>	<u>0.50%</u>	<u>0.82%</u>	<u>0.68%</u>
<b>TOTAL INCOME</b>	<b>3.43%</b>	<b>3.54%</b>	<b>4.07%</b>	<b>4.44%</b>	<b>4.79%</b>	<b>4.79%</b>	<b>4.72%</b>
<b><u>OPERATING EXPENSES</u></b>							
Employee Costs	1.95%	1.67%	1.71%	1.80%	1.97%	1.53%	1.66%
Travel and Conference	0.02%	0.04%	0.04%	0.05%	0.04%	0.03%	0.03%
Office Occupancy	0.13%	0.21%	0.25%	0.26%	0.28%	0.21%	0.24%
General Operations	0.89%	0.70%	0.65%	0.64%	0.63%	0.52%	0.56%
Education and Promotion	0.02%	0.03%	0.09%	0.10%	0.12%	0.12%	0.11%
Loan Servicing	0.09%	0.09%	0.25%	0.23%	0.19%	0.28%	0.25%
Professional Services	0.26%	0.27%	0.39%	0.35%	0.21%	0.21%	0.23%
Member Insurance	0.05%	0.03%	0.01%	0.01%	0.02%	0.01%	0.01%
Operating Fees	0.08%	0.04%	0.03%	0.02%	0.02%	0.01%	0.01%
Miscellaneous	<u>0.28%</u>	<u>0.14%</u>	<u>0.11%</u>	<u>0.06%</u>	<u>0.09%</u>	<u>0.10%</u>	<u>0.10%</u>
<b>TOTAL ADMINISTRATIVE</b>	<b>3.78%</b>	<b>3.20%</b>	<b>3.52%</b>	<b>3.51%</b>	<b>3.58%</b>	<b>3.01%</b>	<b>3.21%</b>
Provision for Loan Loss	<u>0.16%</u>	<u>0.09%</u>	<u>0.09%</u>	<u>0.03%</u>	<u>0.09%</u>	<u>0.25%</u>	<u>0.19%</u>
<b>TOTAL OPERATING EXP.</b>	<b>3.94%</b>	<b>3.29%</b>	<b>3.61%</b>	<b>3.54%</b>	<b>3.67%</b>	<b>3.25%</b>	<b>3.39%</b>
<b><u>COST OF FUNDS</u></b>							
Interest on Borrowed Funds	0.00%	0.00%	0.00%	0.01%	0.03%	0.04%	0.03%
Dividends on Savings	<u>6.37%</u>	<u>0.25%</u>	<u>0.24%</u>	<u>0.33%</u>	<u>0.37%</u>	<u>0.42%</u>	<u>0.40%</u>
<b>TOTAL COST OF FUNDS</b>	<b>6.37%</b>	<b>0.26%</b>	<b>0.24%</b>	<b>0.34%</b>	<b>0.40%</b>	<b>0.46%</b>	<b>0.43%</b>
<b><u>NET INCOME FROM OPERATIONS</u></b>	<b>-6.88%</b>	<b>-0.01%</b>	<b>0.22%</b>	<b>0.57%</b>	<b>0.71%</b>	<b>1.07%</b>	<b>0.89%</b>
<b>NON-OPERATING GAIN/LOSS</b>	<u>0.33%</u>	<u>0.02%</u>	<u>0.05%</u>	<u>0.01%</u>	<u>0.04%</u>	<u>0.07%</u>	<u>0.06%</u>
<b><u>NET INCOME</u></b>	<b>-6.55%</b>	<b>0.01%</b>	<b>0.27%</b>	<b>0.58%</b>	<b>0.75%</b>	<b>1.14%</b>	<b>0.95%</b>
<b>NCUA EXPENSES</b>	<u>0.00%</u>	<u>0.01%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.01%</u>	<u>0.00%</u>	<u>0.01%</u>
<b><u>ADJUSTED NET INCOME (LOSS)</u></b>	<b>-6.55%</b>	<b>0.01%</b>	<b>0.28%</b>	<b>0.58%</b>	<b>0.77%</b>	<b>1.15%</b>	<b>0.96%</b>

*Small statistical errors may exist due to rounding.*

**LOAN DELINQUENCY  
PERIOD ENDING JUNE 30, 2014**

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
<b>Number of Credit Unions</b>	23	22	57	23	29	12	166
<b>Loan Delinquency Ratios</b>							
2 - 6 Months Delinquent	0.94%	0.66%	0.66%	0.65%	0.65%	0.56%	0.59%
6 - 12 Months Delinquent	0.63%	0.29%	0.21%	0.38%	0.27%	0.20%	0.23%
Over 12 Months Delinquent	<u>0.18%</u>	<u>0.26%</u>	<u>0.23%</u>	<u>0.26%</u>	<u>0.24%</u>	<u>0.13%</u>	<u>0.16%</u>
<b>Total Delinquent Loans</b>	1.75%	1.20%	1.11%	1.29%	1.15%	0.88%	0.98%
<b>Loan Loss Ratio</b>	0.35%	0.33%	0.23%	0.30%	0.31%	0.36%	0.34%

**ANALYSIS OF LOANS BY TYPE  
PERIOD ENDING JUNE 30, 2014**

Number of Credit Unions	23	22	57	23	29	12	166
<b>Loan Types</b>							
Credit Card Loans	0.19%	0.89%	3.09%	2.53%	2.03%	4.73%	3.89%
Unsecured Loans	8.60%	7.66%	3.37%	1.78%	1.77%	2.84%	2.57%
New Auto Loans	22.30%	15.86%	7.94%	6.24%	4.83%	4.53%	4.91%
Used Auto Loans	45.37%	38.72%	24.94%	22.95%	18.92%	17.02%	18.27%
First Mortgages	8.41%	20.08%	45.73%	51.54%	55.43%	51.80%	52.21%
Other Real Estate	2.85%	7.05%	8.17%	7.69%	9.01%	10.40%	9.80%
Leases	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
All Other Loans	<u>12.27%</u>	<u>9.73%</u>	<u>6.74%</u>	<u>7.16%</u>	<u>7.88%</u>	<u>7.25%</u>	<u>7.38%</u>
<b>Total Loans</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Real Estate Loan Detail</b> (As a percent of loans)							
First Mortgage - Fixed > 15 yrs.	0.00%	2.63%	3.32%	2.95%	3.55%	2.21%	2.61%
First Mortgage - Fixed - 15 yrs. Or less	1.04%	6.17%	10.36%	13.11%	12.46%	15.96%	14.69%
First Mortgage - Balloon/Hybrid - > 5 yrs.	4.26%	3.00%	2.13%	4.86%	6.82%	7.32%	6.81%
First Mortgage - Balloon/Hybrid - 5 yrs. Or less	3.11%	8.21%	22.31%	21.22%	17.93%	15.34%	16.57%
First Mortgage - Other Fixed Rate	0.00%	0.05%	0.40%	0.08%	0.06%	0.22%	0.18%
First Mortgage - Adjustable - 1 year or less	0.00%	0.00%	2.19%	0.97%	6.20%	3.99%	4.21%
First Mortgage - Adjustable - > 1 year	0.00%	0.02%	5.03%	8.35%	8.41%	6.76%	7.13%
Other - Closed End Fixed	2.85%	4.21%	3.68%	2.76%	2.43%	2.39%	2.49%
Other - Closed End Adjustable	0.00%	0.03%	0.95%	1.04%	0.82%	0.60%	0.69%
Other - Open End Adjustable	0.00%	2.79%	3.53%	3.78%	5.61%	7.40%	6.58%
Other - Open-End Fixed	0.00%	0.03%	0.01%	0.12%	0.14%	0.01%	0.04%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total Real Estate</b> (As a percent of loans)	11.26%	27.14%	53.89%	59.24%	64.44%	62.21%	62.01%
<b>Total Real Estate</b> (As a percent of assets)	6.49%	15.15%	31.69%	41.12%	45.84%	47.82%	45.83%

\*This page does not include loans Held for Sale

**ANALYSIS OF SAVINGS BY TYPE  
PERIOD ENDING JUNE 30, 2014**

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
<b>Number of Credit Unions</b>	<b>23</b>	<b>22</b>	<b>57</b>	<b>23</b>	<b>29</b>	<b>12</b>	<b>166</b>
Share Drafts	1.35%	6.51%	15.49%	16.86%	17.99%	13.57%	14.90%
Regular Shares	81.18%	72.39%	49.01%	34.94%	34.15%	26.14%	30.15%
Money Market Shares	2.17%	2.44%	13.78%	19.85%	20.04%	31.34%	26.78%
Share Certificates	14.95%	16.68%	14.79%	19.00%	18.76%	20.64%	19.74%
IRA Accounts	0.30%	1.65%	5.92%	8.34%	7.87%	7.11%	7.28%
All Other Shares	<u>0.05%</u>	<u>0.33%</u>	<u>1.00%</u>	<u>1.01%</u>	<u>1.18%</u>	<u>1.19%</u>	<u>1.16%</u>
<b>Total Shares</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**ANALYSIS OF INVESTMENTS BY TYPE  
PERIOD ENDING JUNE 30, 2014**

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
<b>Number of Credit Unions</b>	<b>23</b>	<b>22</b>	<b>57</b>	<b>23</b>	<b>29</b>	<b>12</b>	<b>166</b>
Trading Securities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Available for Sale Securities	0.00%	0.00%	2.51%	24.93%	37.23%	63.25%	46.22%
Held-to-Maturity Securities	0.00%	1.30%	2.16%	6.78%	4.73%	5.47%	4.99%
Commercial Banks, S&L's, and Mutual Savings Banks	56.13%	72.45%	74.49%	48.78%	36.46%	10.74%	27.96%
Credit Unions	32.31%	17.49%	5.89%	3.71%	3.40%	0.65%	2.37%
Corporate Credit Unions	11.55%	8.17%	10.34%	10.41%	14.34%	11.48%	11.95%
Other Investments	<u>0.00%</u>	<u>0.59%</u>	<u>4.60%</u>	<u>5.40%</u>	<u>3.84%</u>	<u>8.39%</u>	<u>6.51%</u>
<b>Total Investments</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>