

INCOME STATEMENT AS OF DECEMBER 31, 2012

	2012	2011
Income		
Loan Interest	\$4,001,270	\$4,267,529
Investment Income	\$188,082	\$173,114
Other Operating Income	\$433,579	\$473,194
Total Gross Income	\$4,622,931	\$4,913,837
Expenses		
Salaries & Related	\$1,036,301	\$947,713
Office Occupancy	\$82,301	\$83,207
Office Operations	\$159,916	\$140,084
Education & Promotion	\$82,121	\$87,187
Outside/Professional Svcs	\$284,643	\$296,655
Other Expenses	\$90,973	\$126,895
NCUSIF Stabilization	\$105,865	\$253,752
Total Operating Expenses	\$1,842,120	\$1,935,493
Income After Expenses	\$2,780,811	\$2,978,344
Loan Loss Provision	\$160,000	\$64,000
Gain/Loss on Disposal of Asset	(\$4,450)	\$30,800
Income Before Cost of Funds	\$2,625,261	\$2,883,544
Interest on Borrowed Money	\$0	\$540
Dividends to Members	839,629	\$1,149,289
Net Earnings	\$1,785,632	\$1,733,715

BALANCE SHEET AS OF DECEMBER 31, 2012

	2012	2011
Assets		
Total Loans	\$103,075,647	\$109,128,997
Allowance for Loan Losses	\$(422,115)	\$(293,505)
Cash	\$851,463	\$838,022
Investments	\$23,955,315	\$22,351,398
Land & Building	\$941,864	\$963,809
Other Fixed Assets	\$55,402	\$47,451
Other Assets	\$1,364,443	\$1,292,475
Total Assets	129,822,019	\$134,328,647
Liabilities & Equity		
Borrowings	\$0	\$0
Dividends Payable	\$229,730	\$309,879
Other Liabilities	\$177,148	\$74,308
Member Savings	\$106,214,465	\$112,757,418
Regular Reserves	\$2,894,699	\$2,894,699
Undivided Earnings	\$20,305,977	\$18,292,343
Total Liabilities & Equity	\$129,822,019	\$134,328,647
Net Worth to Assets	17.87%	15.77%

BOARD OF DIRECTORS

The members of the board of directors are talented individuals who volunteer their varied knowledge, experience and time for the benefit of our entire membership.

Chairman: Tina McAuliffe
 Vice Chairman: Jerome Salentine
 Secretary: Gary Weckwerth
 Treasurer: Laura Owens

Members:
 Fred Cashmore
 Norman Duszynski
 Stephen Greidanus

LOCATIONS

West Allis
 11333 W. Greenfield Avenue
 West Allis, WI 53214
 Phone: 414.546.7800
 Fax: 414.546.7815

Waukesha
 2440 N. Grandview Boulevard
 Waukesha, WI 53188
 Phone: 262.896.8800
 Fax: 262.896.8812

AppleTree has once again received the highest rating of "5 stars" by Bauer Financial, an independent organization that has rated the performance of U.S. banks and credit unions since 1983.



2012 ANNUAL REPORT

COMMITTED TO YOU

**APPLETREE
 CREDIT UNION**

CHAIRMAN'S REPORT

As we reflect on 2012, I want to thank you for being a member of AppleTree Credit Union. I am pleased to say that our exceptional savings and loan rates are supported by caring, knowledgeable and efficient employees. You have my word that our employees will strive to earn your trust and deliver great value with every interaction.

During the year, we welcomed the 446 members of Cleaver-Brooks Credit Union as members of AppleTree Credit Union. We are honored that these members joined our organization and hope they enjoy the many new financial products and services available, along with employees to assist them, each day.



Owned, operated and governed by you, the members, AppleTree Credit Union is truly your financial institution. For more than seventy five years, we have focused not on stockholders, quarterly earnings' reports and outside customers, but rather on our shareholders – our members. Our only purpose, our only mission is to serve you. We are committed to your success. Thank you for your support in 2012 and my best wishes for a prosperous 2013.

Tina McAuliffe, Chairman

PRESIDENT'S REPORT

As a member of AppleTree Credit Union, you are also an owner. This means that you share in the credit union's success and the credit union shares in your success. By your active involvement in using the products and services of the credit union, the credit union grows stronger for you and for our future members. We are committed to you and focus our attention on you, our members. Decisions, whether it be on a service or an

interest rate, is made with the entire membership in mind. This member-focused business strategy insulated us from risky business plans that might have negatively impacted our future ability to serve our members.

I've always held that the formula for our success is straight-forward: remain financially sound and reward our members with outstanding value. At a credit union like AppleTree, you cannot have one without the other. We achieve outstanding results for our members by offering competitive services underscored with careful expense control and sound overall management.

I would like to thank our membership for your continued support, trust and patronage throughout 2012. It is my privilege to lead AppleTree Credit Union and work with our expert board and coworkers. As we work together to ensure even greater rewards for our members, the highest compliment we receive is our members' referral of friends and family. We are stronger through cooperation. Thank you for your comments, suggestions and many referrals over the years.

Lisa Greco, President

TREASURER'S REPORT

In an uncertain economy still seeking a full fiscal recovery, I am pleased to report your credit union's financial performance in 2012 was measured and stable. During the year we welcomed numerous new members and served their borrowing and savings needs, while fortifying the reserves of your credit union. At year end, more than \$103 million was invested in our members in home, auto and personal loans. More than \$106 million was entrusted to the credit union in member savings. In comparison to members at our peer credit unions, AppleTree members pay on average 1.94% less on loan rates and earn market-leading, federally insured dividends on savings. Members, whether borrowing or saving, will find consistent value in your member-owned credit union.

As a cooperative membership organization, efficiency

and expense reduction is reinvested in you, our members. Additionally, the credit union does not rely on service fees. As compared to our average credit union peer, we collect \$1.5 million less in service charges. Our credit union income is not derived from exotic investments or credit-default swaps, but from the investment in our members through your home and auto loans.

AppleTree Credit Union remains fiscally sound with a net worth ratio of 17.87%, minimal asset delinquency, efficient operations and consistent and conservative business practices.

During 2012, several audits and exams occurred, with outcomes reported to the credit union board. Annually, the credit union is examined by an independent CPA firm. Quarterly performance reports are submitted to The State of Wisconsin Department of Financial Institutions, with our President attesting to the accuracy of the reports. At the credit union's request, CUNA Mutual Insurance Group examined key operational areas during the year. Additionally, an on-site joint examination of your credit union was performed by The National Credit Union Association (NCUA) and Wisconsin Department of Financial Institutions Office of Credit Unions. These reviews have concurred that AppleTree Credit Union is run soundly with appropriate planning for the future.

We are committed to your financial prosperity in 2013 and beyond.

Laura Owens, Treasurer

