

2010

ANNUAL REPORT



MARINE
CREDIT UNION



Chairman's Report

Dedication to service was never more needed, nor more obvious, than over the past year, as we faced a historically challenging economy. The recession impacted members and created a growing need for service and assistance from Marine Credit Union.

As we emerge from one of the worst recessions in our nation's history, Marine Credit Union continues to be safe and sound, deposits remain well insured, and we have maintained healthy capital in a time when many other financial institutions have struggled. Our credit union model, dedicated to helping our members, has allowed us to remain focused on what is most important: assisting members in addressing their individual financial needs.

In late 2010, our CEO, with the approval of the board of directors, made a very fiscally conservative decision. We chose to set aside or reserve additional millions of dollars of credit union funds as a protection against the remote possibility the regional economy may deteriorate to the levels previously experienced in the coastal states. We were concerned about the magnitude of the possible negative effect on our consumer and commercial loan portfolios. In spite of placing these funds into a reserve account and thereby drastically reducing net income, our net worth level remained high enough to continue to receive the highest federal solvency classification of "well capitalized." Simultaneously, the CEO and his management team, reacting to our self imposed income reduction, have undertaken the task of dramatically reducing our operating expenses with the very real expectation of returning to profitability beginning with the first month of 2011.

While many other financial institutions downsized, reduced staff, and closed branches to achieve profitability, your credit union has not chosen these steps which would reduce service to our members. The operational efficiencies which will take effect at the beginning of 2011 will result from the efforts and sacrifices of our management team and our staff. We are optimistic that the early indications of recovery in our economy and the changes we have made within our own organization will lead to profitability in 2011.

We are confident about the future of our credit union, and believe we are in a solid position to help our members achieve their financial goals and dreams. Our dedicated staff and volunteer board are truly passionate about serving our members and communities. In closing, I'd like to thank you, the members, for your continued loyalty, confidence and faith in Marine Credit Union.

Robert J. Carney
Chairman of the Board

[board of directors]



Robert Carney
Chairman



Steve Ross
Vice Chairman



Dianne Morrison
Secretary/Treasurer



William Sacia
Director



Richard Swantz
Director



Terry Witzke
Director



Barbara Mussman
Advisory Director

Financial Report

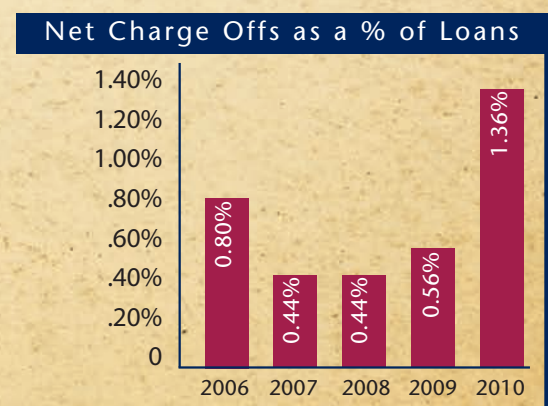
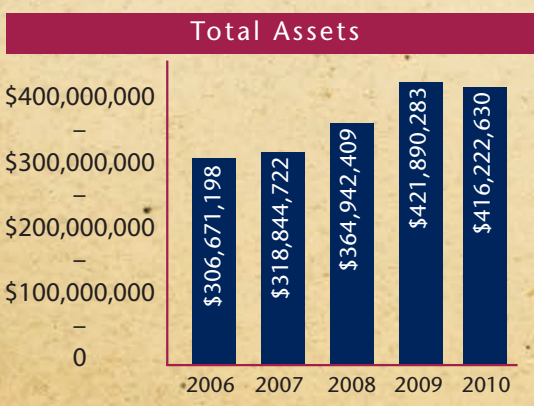
[balance sheet]

	2006	2007	2008	2009	2010
Assets					
Cash	\$20,516,649	\$43,123,228	\$21,591,289	\$15,975,283	\$30,359,877
Investments	\$30,824,683	\$22,185,275	\$39,249,775	\$33,500,547	\$8,823,526
Consumer Loans	\$107,803,458	\$100,885,937	\$121,446,110	\$151,368,849	\$146,160,344
Real Estate Loans	\$131,839,824	\$131,037,328	\$156,815,152	\$184,829,183	\$206,287,000
Total Loans	\$239,643,282	\$231,923,265	\$278,261,262	\$336,198,032	\$352,447,344
Allowance for Loan Loss	\$(2,178,956)	\$(2,014,223)	\$(1,927,814)	\$(3,917,155)	\$(9,782,799)
Other Assets	\$17,865,540	\$23,627,177	\$27,767,897	\$40,133,576	\$34,374,682
Total Assets	\$306,671,198	\$318,844,722	\$364,942,409	\$421,890,283	\$416,222,630

	2006	2007	2008	2009	2010
Liabilities and Equity					
Member Savings	\$267,605,441	\$278,498,730	\$263,627,199	\$308,689,801	\$341,163,037
Borrowings	\$5,894,875	\$5,971,543	\$64,806,904	\$70,273,096	\$33,292,000
Other Liabilities	\$2,496,951	\$3,113,816	\$3,296,833	\$5,774,321	\$10,800,451
Member Equity	\$30,673,931	\$31,260,633	\$33,211,473	\$37,153,065	\$30,967,142
Total Liabilities and Equity	\$306,671,198	\$318,844,722	\$364,942,409	\$421,890,283	\$416,222,630

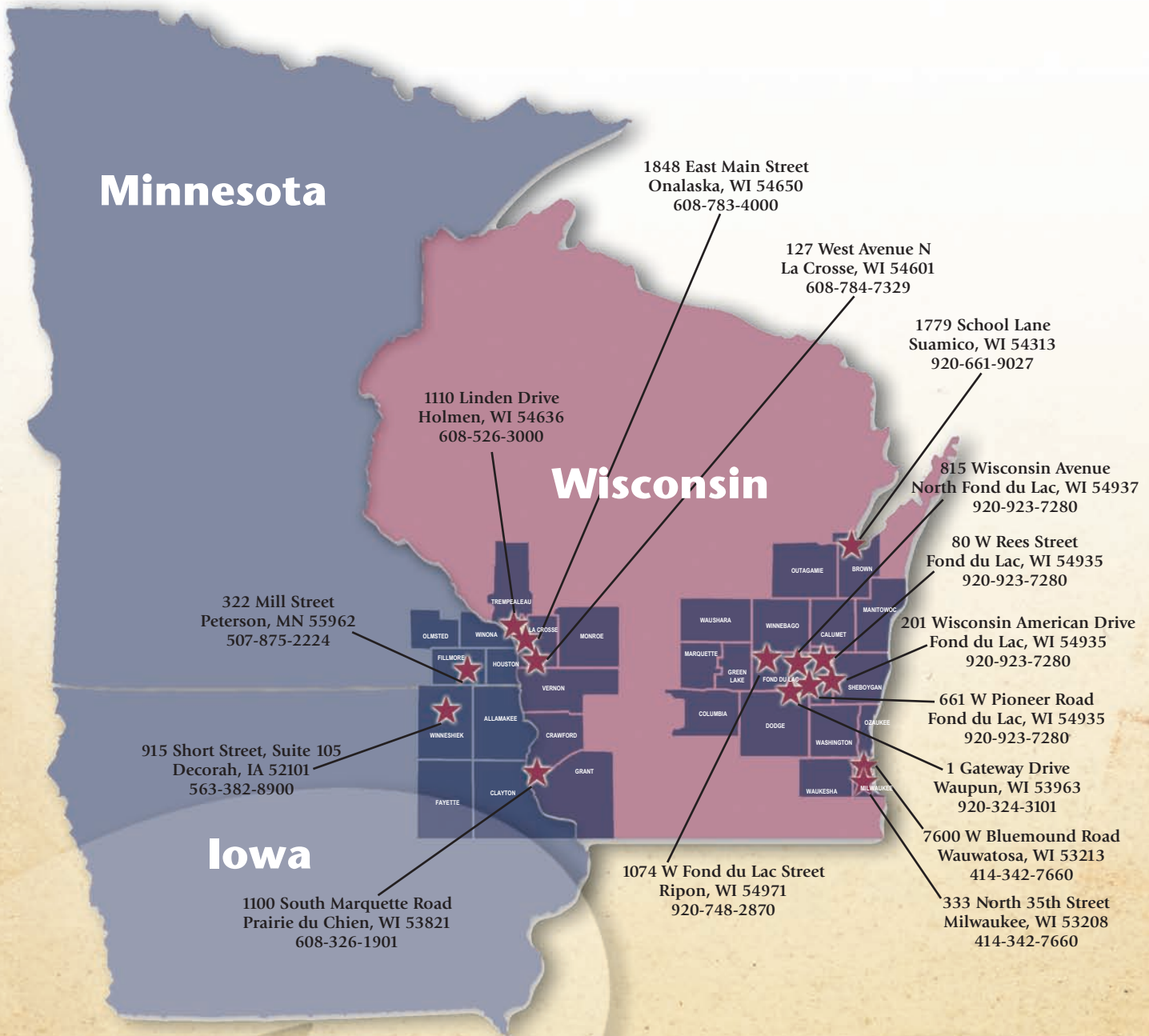
[income statement]

Loan Income	\$13,627,548	\$17,504,452	\$18,779,526	\$21,138,630	\$23,635,524
Investment Income	\$1,401,067	\$2,741,427	\$2,212,603	\$1,136,984	\$134,454
Total Interest Income	\$15,028,615	\$20,245,879	\$20,992,129	\$22,275,614	\$23,769,978
Dividend Expense	\$5,631,931	\$8,471,109	\$5,887,605	\$4,184,702	\$3,275,664
Interest Paid on Borrowed Money	\$369,327	\$258,972	\$708,224	\$774,126	\$474,052
Net Interest Margin	\$9,027,357	\$11,515,798	\$14,396,300	\$17,316,786	\$20,020,262
Provision for Loan Loss	\$1,712,056	\$1,058,228	\$841,178	\$3,685,849	\$10,397,235
Net Interest Margin after PLL	\$7,315,301	\$10,457,570	\$13,555,122	\$13,630,937	\$9,623,027
Operating Expense	\$10,610,888	\$17,346,141	\$21,398,144	\$24,311,442	\$29,090,261
Fee and Other Operating Income	\$4,699,300	\$7,066,126	\$9,381,398	\$12,250,003	\$14,184,490
Non Operating Income (Expense)	\$23,767	\$(676)	\$89,065	\$1,492,765	\$52,027
Gain (Loss) on Sale of Assets	\$448,868	\$18,339	\$164,937	\$1,193,217	\$167,841
NCUA Stabilization				\$(410,140)	\$(799,933)
Net Income	\$1,876,348	\$195,218	\$1,792,378	\$3,845,340	\$(5,862,809)



MCU Locations

[Marine Credit Union locations]



President's Report

Our new *normal* is a financial world where unemployment is higher, demand for credit lower among the most qualified consumers and many of us wait with bated breath for the announcement that the good times are back. Your credit union has not been immune to these challenges.

We had the worst year in our organization's history in 2010 as the fallout of the nation's economic crisis finally reached us. In part due to very conservative preparations (we reserved nearly \$6 million more than our actual losses), we came through with a significant financial loss for the year, but with a renewed commitment to doing what we do – gathering deposits from savers and providing credit to those who need it in the communities we serve. We've used this time of crisis to find ways to operate more soundly, improve consistency and to do more with less. Our 2011 budget has us reducing spending 12% while remaining committed to the same level of member service you've come to expect.

My thanks go out to our dedicated employees who've all contributed to our cost-saving measures both with their ideas and through personal sacrifice. We're all working together to assure Marine Credit Union continues to make a positive difference in peoples' lives.

It's clear that the new normal isn't all bad. Your credit union is strong and we continue to provide services to those who need them most. We remain well capitalized and fully expect to have a record positive year in 2011 with our greatest challenges behind us. Thank you for your continued patronage and support.



[president's report]

We've used this time of crisis to find ways to operate more soundly, improve consistency and to do more with less.

A handwritten signature in black ink, appearing to read 'Shawn L. Hanson'.

Shawn L. Hanson, President/CEO

Treasurer's Report

Marine Credit Union closed the year with \$416,222,630 million in total assets, \$341,163,037 million in total deposits, and \$352,447,344 million in loans outstanding. Deposits increased by \$32,473,236 and outstanding loans increased by \$16,249,312 for the year.

The Wisconsin Department of Financial Institutions and the National Credit Union Administration receive detailed financial information from Marine Credit Union on a quarterly basis to measure our financial strength and stability. The net worth to asset ratio is used to measure strength and stability. Your credit union's net worth to asset ratio was 7.44%, or deemed "Well Capitalized", for the year ended December 31, 2010.

The enclosed financial statements are summarized from the complete financial statements of Marine Credit Union.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Dianne Morrison'.

Dianne Morrison, Treasurer



[treasurer's report]

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Fond du Lac, WI 54935
920-923-7280

661 W Pioneer Road
Fond du Lac, WI 54935
920-923-7280

80 W Rees Street
Fond du Lac, WI 54935
920-923-7280

815 Wisconsin Avenue
North Fond du Lac, WI 54937
920-923-7280

1074 W Fond du Lac Street
Ripon, WI 54971
920-748-2870

1779 School Lane
Suamico, WI 54313
920-661-9027

1 Gateway Drive
Waupun, WI 53963
920-324-3101

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Decorah, IA 52101
563-382-8900

1110 Linden Drive
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608-526-3000

127 West Avenue N
La Crosse, WI 54601
608-784-7329

1848 East Main Street
Onalaska, WI 54650
608-783-4000

1100 South Marquette Road
Prairie du Chien, WI 53821
608-326-1901

322 Mill Street
Peterson, MN 55962
507-875-2224

7600 W Bluemound Road
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414-342-7660

333 North 35th Street
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414-342-7660



[www.marinecu.com]