FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

Filing Date: **1999-07-27** | Period of Report: **1999-06-30**
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FILER

NORTHWEST EQUITY CORP

CIK:**916527**| IRS No.: **391772981** | State of Incorp.:**WI** | Fiscal Year End: **0331**
Type: **10QSB** | Act: **34** | File No.: **000-24606** | Film No.: **99670404**
SIC: **6036** Savings institutions, not federally chartered

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended June 30, 1999
Commission file number 0-24606

NORTHWEST EQUITY CORP.
(exact name of small business issuer as specified in its charter)

Wisconsin	39-1772981
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

234 Keller Avenue South Amery, Wisconsin	54001
(Address of principal executive offices)	(Zip code)

(715) 268-7105
(Issuer's telephone number, including area code)

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such report(s), and (2) has been subject to such filing requirements for the past 90 days.

(1) Yes __x__ No_____
(2) Yes __x__ No_____

The number of shares outstanding of the issuer's common stock, $1.00 par value per share, was 825,301 at June 30, 1999.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NORTHWEST EQUITY CORP.

Dated:____7/26/99______

By: __/s/___Brian L. Beadle________
(Brian L. Beadle, President
Principal Executive Officer and
Principal Financial and
Accounting Officer)

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Item 2. Management's Discussion and Analysis or Plan of Operation

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities.

None

Item 3. Defaults upon Senior Securities.

None

Item 4. Submission of Matters to a Vote of Security Holders.

None

Item 5. Other Information.
None

Item 6. Exhibits and Reports on Form 8-k.

a. No reports on Form 8-K were filed during the quarter for which this report was filed.

NORTHWEST EQUITY CORP. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(In Thousands)
ASSETS

	June 30, 1999 (unaudited)	March 31, 1999
Cash and due from banks	$3,571	$4,749
Interest-bearing deposits with financial institutions	3,596	5,721
Securities held to maturity	9,072	9,435
Investment in Federal Home Loan Bank stock	712	850
Loans held for sale	299	143
Loans receivable - Net of allowance for loan losses	72,668	73,347
Foreclosed properties and properties subject to foreclosure	63	63
Accrued interest receivable	552	556
Premises and equipment	2,149	2,176
Prepaid expenses and other assets	939	545
TOTAL ASSETS	$93,621	$97,585

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, 1999 (unaudited)	March 31, 1999
Liabilities:		
Deposits:		
Demand and NOW deposits	$10,936	$9,936
Savings and money market deposits	14,619	13,419
Certificates of deposit	36,524	38,648
Total deposits	62,079	62,003
Advances from Federal Home Loan Bank	14,240	16,990
Borrowed funds	4,145	5,625
Accounts payable and accrued expenses	591	606
Total liabilities	81,055	85,224
Stockholders' equity		
Preferred stock - $1 par value; 2,000,000 shares authorized; none issued	- -	- -
Common stock - $1 par value; 4,000,000 shares authorized; 1,032,517 shares issued; 825,301 shares outstanding	1,033	1,033
Additional paid-in capital	6,582	6,582
Less unearned Employee Stock Ownership Plan	(104)	(155)
Less 207,216 treasury stock - at cost	(2,549)	(2,549)
Retained earnings - Substantially restricted	7,604	7,450
Total stockholders' equity	12,566	12,361
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$93,621	$97,585

See accompanying Notes to Consolidated Financial Statements

NORTHWEST EQUITY CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(In Thousands except for per share amounts)

	Three Months Ended June 30, 1999	1998
Interest income:		
Interest and fees on loans	$1,619	$1,745
Interest on mortgage-backed securities	97	115
Interest and dividends on investments	111	97
Total interest income	1,827	1,957
Interest expense:		
Interest on deposits	655	720
Interest on borrowings	255	326
Total interest expense	910	1,046
Net interest income	917	911
Provision for loan losses	0	25
Net interest income after provision for loan losses	917	886
Other income:		
Mortgage servicing fees	26	21
Service charges on deposits	71	62
Gain on sale of mortgage loans	8	38
Other	39	83
Total other income	144	204
General and administrative expenses:		
Salaries and employee benefits	367	336
Net occupancy expense	84	86
Data processing	35	35
Federal insurance premiums	8	10
Other	115	134
Total general and administrative expense	609	601
Income before provision for income taxes	452	489
Provision for income taxes	157	167
Net income	$295	$322
Basic earnings per share	$0.37	$0.42
Diluted earnings per share	$0.35	$0.39

See accompanying Notes to Consolidated Financial Statements

<TABLE>

NORTHWEST EQUITY CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)
(In Thousands)

	Common Stock	Additional Paid-In Capital	Unearned Restricted Stock	Unearned ESOP Compen-sation	Treasury Stock	Retained Earnings	Total

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Three Months Ended June 30, 1998							
Balance - March 31, 1998	$1,033	$6,584	$(26)	$(389)	$(2,557)	$6,869	$11,514
Comprehensice income							
Net income	- -	- -	- -	- -	- -	322	322
Amortization of unearned ESOP and restricted stock award	- -	- -	13	31	- -	- -	44
Exercise of incentive stock options	- -	(2)	- -	- -	8	- -	6
Cash dividends - $.16 per share	- -	- -	- -	- -	- -	(132)	(132)
Balance - June 30, 1998	1,033	6,582	$(13)	(358)	(2,549)	7,059	11,754
Three Months Ended June 30, 1999							
Balance - March 31, 1999	1,033	6,582	- -	(155)	(2,549)	7,450	12,361
Comprehensice income							
Net income	- -	- -	- -	- -	- -	295	295
Amortization of unearned ESOP and restricted stock award	- -	- -	- -	51	- -	- -	51
Cash dividends - $.17 per share	- -	- -	- -	- -	- -	(141)	(141)
Balance - June 30, 1999	$1,033	$6,582	$ - -	$(104)	$(2,549)	$7,604	$12,566

See accompanying Notes to Consolidated Financial Statements

</TABLE>

NORTHWEST EQUITY CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In Thousands)

	Three Months Ended June 30, 1999	1998
Cash flows from operating activities:		
Net income	$295	$322
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for depreciation	36	37
Provision for loan losses	- -	25
Amortization of ESOP and restricted stock awards	51	44
Proceeds from sales of mortgage loans	1,538	4,466
Loans originated for sale	(1,694)	(4,517)
Changes in operating assets and liabilities:		
Accrued interest receivable	4	(19)
Prepaid expenses and other assets	(394)	7
Accrued interest payable	124	128
Accrued income taxes payable	100	79
Other accrued liabilities	(239)	(130)
Net cash provided by (used in) operating activities	(179)	442
Cash flows from investing activities:		
Net decrease in interest-bearing deposits with financial institutions	2,125	2,149
Proceeds from sales of Federal Home Loan Bank stock	138	206
Proceeds from maturities of held to maturity securities	- -	500
Purchase of held to maturity securities	- -	(500)
Principal collected on mortgage-backed securities	363	287
Net (increase) decrease in loans	679	(409)
Purchase of office properties and equipment	(9)	(39)
Net cash provided by investing activities	3,296	2,194

See accompanying Notes to Consolidated Financial Statements

NORTHWEST EQUITY CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Three Months Ended June 30, 1999	1998
Cash flows from financing activities:		
Net increase (decrease) in deposits	76	(403)
Net (decrease) in short-term borrowings	(4,509)	(6,309)
Net increase in long-term borrowings	279	4,106
Proceeds from exercise of stock options	- -	8
Dividends paid	(141)	(132)
Net cash (used in) financing activities	(4,295)	(2,730)
(Decrease) in cash and due from banks	(1,178)	(94)
Cash and due from banks at beginning	4,749	2,642
Cash and due from banks at end	$3,571	$2,548

Supplemental disclosures of cash flow information:

Loans receivable transferred to foreclosed properties and properties subject to foreclosure	$ - -	$166
Loans charged off	31	40
Interest Paid	786	918
Income taxes paid	57	88

See accompanying Notes to Consolidated Financial Statements

NORTHWEST EQUITY CORP. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies:

The accompanying unaudited consolidated financial statements have been prepared by the Company in accordance with the accounting policies described in the Bank's audited financial statements for the year ended March 31, 1999 and should be read in conjunction with the financial statements and notes which appear in that report. These statements do not include all the information and disclosures required by generally accepted accounting principles. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered for a fair presentation have been included.

Note 2. Subsequent Events: none

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS OF
NORTHWEST EQUITY CORP.

Comparison of Operating Results for the Three Months Ended June 30, 1998 and June 30, 1999

Net Income

Net income for the three months ended June 30, 1999, decreased $27,000 or 8.4% to $295,000 compared to $322,000 for the three months ended June 30, 1998. The decrease in net income was primarily due to a decrease in total other income of $60,000 from $204,000 for the three months ended June 30, 1998 to $144,000 for the three months ended June 30, 1999. Other income decreased $44,000 from $83,000 for the three months ended June 30, 1998, to $39,000 for the three months ended June 30, 1999. The decrease in other income was partially due to a decrease in the profit on sale of real estate held in the Bank's subsidiary of $50,000 from $50,000 for the three months ended June 30, 1998, to $0 for the three months ended June 30, 1999. Gain on sale of mortgage loans decreased $30,000 from $38,000 for the three months ended June 30, 1998, to $8,000 for the three months ended June 30, 1999. A $6,000 increase in net interest income from $911,000 for the three months ended June 30, 1998 to $917,000 for the three months ended June 30, 1999, was offset by an increase in $8,000 in general and administrative expense from $601,000 for the three months ended June 30, 1998 to $609,000 for the three months ended June 30, 1999.

Net Interest Income

Net interest income increased by $6,000 from $911,000 for the three months ended June 30, 1998, to $917,000 for the three months ended June 30, 1999. The improvement in net interest income results from a decrease of $136,000 in total interest expense to $910,000 for the three months ended June 30, 1999, from $1,046,000 for the three months ended June 30, 1998, while total interest income decreased only $130,000 to $1,827,000 for the three months ended June 30, 1999, compared to $1,957,000 for the three months ended June 30, 1998

Interest Income

Interest income decreased $130,000 or 6.6% to $1,827,000 for the three months ended June 30, 1999, compared to $1,957,000 million for the three months ended June 30, 1998. Interest and fees on loans decreased $126,000 to $1,619,000 for the three months ended June 30, 1999, compared to $1,745,000 for the three months ended June 30, 1998. The decrease was due to the decrease in the average outstanding balance of total loans to $74.0 million for the three months ended June 30, 1999, compared to $79.1 million for the three months ended June 30, 1998. The average yield/rate on total loans decreased .08% from 8.83% for the three months ended June 30, 1998, to 8.75% for the three months ended June 30, 1999. The decrease in yield and total loans was due to a decrease in market interest rates over the two comparable periods which encouraged customers to refinance adjustable rate mortgages which are held in the portfolio with fixed rate loans which are sold on the secondary market. Interest on mortgage-backed and related securities decreased $18,000 to $97,000 for the three months ended June 30, 1999, from $115,000 for the three months ended June 30, 1998. The decrease was due to a decrease in the average balance of mortgage backed and related securities from $6.3 million for the three months ended June 30, 1998, to an average balance of $5.8 million for the three months ended June 30, 1999. The decrease in mortgage-backed and related securities was the result of the principal repayments and pre-payments. Interest on investments increased $14,000 to $111,000 for the three months ended June 30, 1999, compared to $97,000 for the three months ended June 30, 1998. The increase was the result of an increase in the average outstanding balance of interest bearing deposits in other financial institutions from $2.3 million for the three months ended June 30, 1998, to $3.8 million for the three months ended June 30, 1999.

Interest Expense

Interest expense decreased $136,000 or 13.0% to $910,000 for the three months ended June 30, 1999, compared to $1,046,000 for the three months ended June 30, 1998. Interest on deposits decreased $65,000 or 9.0% from $720,000 for the three months ended June 30, 1998 to $655,000 for the three months ended June 30, 1999. The decrease reflects a decrease in the average yield/rate of total deposits of 0.41% to 4.22%for the three months ended June 30, 1999, from an average yield/rate of total deposits of 4.63% for the three months ended June 30, 1998. Interest on borrowings decreased $71,000 or 21.7% from $326,000 for the three months ended June 30, 1998, to $255,000 for the three months ended June 30, 1999. The decrease

reflects a decrease in average rate paid on advances and other borrowings from 5.68% for the three months ended June 30, 1998, to 5.30% for the three months ended June 30, 1999. In addition, the average balance of advances and other borrowings decreased $3.7 million from $23.0 million for the three months ended June 30, 1998, to $19.3 million for the three months ended June 30, 1999.

Provision for Loan Losses

The provision for loan losses decreased $25,000 to $0 for the three months ended June 30, 1999, compared to $25,000 for the three months ended June 30, 1998. The allowance for loan losses totaled $348,000 at June 30, 1999, compared to $472,000 at June 30, 1998, and represented 0.47% and 0.59% of gross loans and 232.0% and 34.9% of non-performing loans, respectively. The non-performing assets to total assets ratio was 0.22% at June 30, 1999, compared to 1.72% at June 30, 1998.

Other Income

Total other income decreased 29.4% or $60,000 to $144,000 for the three months ended June 30, 1999, compared to $204,000 for the three months ended June 30, 1998. Other income decreased $44,000 from $83,000 for the three months ended June 30, 1998 to $39,000 for the three months ended June 30, 1999. The decrease in other income was partially due to an decrease in the profit on sale of real estate held in the Bank's subsidiary of $50,000 from $50,000 for the three months ended June 30, 1998, to $0 for the three months ended June 30, 1999. That sale divested all the real estate investments of the subsidiary. Gain on sale of mortgage loans decreased $30,000 from $38,000 for the three months ended June 30, 1998, to $8,000 for the three months ended June 30, 1999. The decrease reflects the recent upward trend in interest rates during the current period that acts to reduce gains on sale of mortgage loans sold in the secondary market. Service charges on deposits increased $9,000 from $62,000 for the three months ended June 30, 1998, to $71,000 for the three months ended June 30, 1999. The increase reflect an increase in the average outstanding balance of NOW accounts of $0.9 million from $9.8 million for the three months ended June 30, 1998, to $10.7 million for the three months ended June 30, 1999.

General and Administrative Expenses

General and administrative expenses increased $8,000 or 1.3% to $609,000 for the three months ended June 30, 1999, compared to $601,000 for the three months ended June 30, 1998. Salaries and employee benefits increased $31,000 from $336,000 for the three months ended June 30, 1998, to $367,000 for the three months ended June 30, 1999. The increase reflects the change of the salary review process to coincide with the fiscal year-end that moved salary adjustments from July 1st of the prior fiscal year to April 1st of the current fiscal year and cost of living salary increases. Net occupancy expense remained virtually unchanged at $84,000 for the three months ended June 30, 1999, compared to $86,000 for the three months ended June 30, 1998. Data processing expenses remained at $35,000 for the three months ended June 30, 1999, and the three months ended June 30, 1998. Federal insurance premiums decreased $2,000 to $8,000 for the three months ended June 30, 1999, for $10,000 for the three months ended June 30, 1998. Other expenses decreased $19,000 form $134,000 for the three months ended June 30, 1998, to $115,000 for the three months ended June 30, 1999.

Income Tax Expense

Income tax expense decreased $10,000 or 6.0% from $167,000 for the three months ended June 30, 1998, to $157,000 for the three months ended June 30, 1999. Income before taxes decreased $37,000 from $489,000 for the three months ended June 30, 1998, to $452,000 for the three months ended June 30, 1999. The effective tax rate for the three months ended June 30, 1999, was 34.7% compared to 34.1% for the three months ended June 30, 1998.

Financial Condition

Total assets decreased $4.0 million or 4.1% to $93.6 million at June 30, 1999, compared to $97.6 million at March 31, 1999. The decrease is partially due to the decrease in cash and interest-bearing deposits with financial institutions of $3.3 million to $7.2 million at June 30, 1999, from $10.5 million at March 31, 1999 and the decrease in loans receivable of $0.6 million from $73.3 million at March 31, 1999, to $72.7 million at June 30, 1999. The cash and interest-bearing deposits were used to reduce advances from the Federal Home Loan Bank $2.8 million from $17.0 million at March 31, 1999, to $14.2 million at June 30, 1999; and a decrease in other borrowed money of $1.5 million from $5.6 million at March 31, 1999, to $4.1 million at June 30, 1999. The decrease in loans receivable was due the level on long-term mortgage interest rates during the current period which encouraged customers to refinance adjustable rate mortgages which are held in the portfolio with fixed rate loans

which are sold on the secondary market. Securities held-to-maturity decreased $0.3 million to $9.1 million at June 30, 1999, compared to $9.4 million March 31, 1999. Shareholders' equity increased $205,000 from $12.4 million at March 31, 1999, to $12.6 million at June 30, 1999, as a result of net income for the three months ended June 30, 1999, less $141,000 in cash dividends and the amortization of the common stock purchased by the employee stock ownership plan of $51,000.

Disclosures Involving Year 2000 Issues

Issues related to the century date change and the impact on computer systems and business operations are receiving prominent publicity and attention. Depositors, business partners, investors, and the general public are specifically interested in the effect on the financial condition of each depository institution. The FDIC has advised state savings banks that safe and sound banking practices require them to address Year 2000 issues. The Securities and Exchange Commission (SEC) issued a revised Staff Legal Bulletin NO. 5 to provide specific guidance on disclosure associated with Year 2000 obligations for companies registered under federal securities laws.

Computer programs generally abbreviated dates by eliminating the century digits of the year. Many resources, such as software; hardware; telephones; voicemail; heating; ventilating and air conditioning; alarms, etc. ("Systems") are affected. These Systems were designed to assume a century value of "19" to save memory and disk space within their programs. In addition, many Systems use a value of "99" in a year or "99/99/99" in a date to indicate "no date" or "any date" or even a default expiration date. As the year 2000 approaches, this abbreviated date mechanism within Systems threatens to disrupt the function of computer software at nearly every business which relies heavily on computer systems for account and other recordkeeping functions. If the millennium issue is ignored, system failures or miscalculations could occur, causing disruptions of operations and a temporary inability to process business transactions.

The Bank has an inventory of personal computers that access a data processing system provided by EDS in Des Moines, Iowa. If the personal computers and data processing systems fail to process the century date change, it may impair the Bank's ability to process loan payments, accept deposits, and address other operational issues. The Bank's customers, suppliers, other constituents may also be impaired to meet their contractual obligations with the Bank. The Bank has developed a Year 2000 Plan (the "Plan"). The Bank's Plan attempts to identify the systems, assess the risk, and conduct inventories as necessary to assure compliance with the Plan. The Plan calls for identifying all systems in need of remediation by June 30, 1999, and remedying all systems in need of remediation by September 30, 1999. As of June 30, 1999, the Bank estimates it will have to purchase hardware and equipment in the amount of $17,000 (pre-tax) to address the Y2K issues. The expenditures would be amortized over a 5-year period, and would add approximately $3,400 in furniture and fixture expense per year for the next 5 years. In addition, the Bank paid in the quarter ended December 31, 1998, a one-time fee of $20,000 by EDS to support the FFIEC's testing guidance regarding Year 2000 efforts of financial institutions as outlined in the April 10, 1998, Interagency Statement. These amounts are not considered to be material.

On February 24, 1998, the FDIC conducted an on-site visitation of the Bank's Year 2000 process. The examiner followed guidelines and recommendations contained in the FFIEC Interagency Statement on Year 2000 Project Management Awareness, dated May 5, 1997, and subsequent publications. In a letter dated March 17, 1998, the FDIC stated that the Bank's Year 2000 Committee is adequately monitoring Year 2000 compliance. In a letter dated September 8, 1998, The FDIC reported to the Board of Directors that the Federal Reserve Bank of Dallas had conducted an examination of Electronic Data Systems, Inc.,(EDS) Plano, Texas, the Bank's data processor. The Board of Directors reviewed the Exam at its September 18, 1998, meeting and the record of this action was entered into the minutes. The results of the examination are deemed to be confidential by the FDIC. On October 9, 1998, the Bank received an extensive Y2k Contingency Plan from EDS. On February 4, 1999, the FDIC conducted an on-site Year 2000 readiness examination. Again, the FDIC mandates that the results of that examination be held confidential. . In a letter dated April 30, 1999, EDS reported that the overall product line remediation was now 100% complete. The Bank filed its Y2K Contingency Plan with FDIC before the June 30, 1999 deadline.

Asset/Liability Management

Asset/liability management is an ongoing process of matching asset and liability maturities to reduce interest rate risk. Management attempts to control this risk through pricing of assets and liabilities and maintaining specific levels of maturities. In recent periods, management's strategy has been to (1) sell substantially all new originations of long-term, fixed-rate single family mortgage loans in the secondary market, (2) invest in various adjustable-rate and short-term mortgage-backed and related securities, (3) invest in adjustable-rate, single family mortgage loans, and (4) encourage medium and longer-term certificates of deposit. The Company's estimated cumulative one-year gap between assets and liabilities was a negative 0.29% of total assets,

at the latest available reporting date of March 31, 1999. A negative gap occurs when a greater dollar amount of interest-earning liabilities than interest-bearing assets are repricing or maturing during a given time period. During periods of rising interest rates, a negative interest rate sensitivity gap will tend to negatively affect net interest income. During periods of falling interest rates, a negative interest rate sensitivity gap will tend to positively affect the net interest income.

Management believes that its asset/liability management strategies have reduced the potential effects of changes in interest rates on its operations. Increases in interest rates may decrease net interest income because interest-bearing liabilities will reprice more quickly than interest-earning assets. The Company's analysis of the maturity and repricing of assets and liabilities incorporates certain assumptions concerning the amortization and prepayment of such assets and liabilities.

Management believes that these assumptions approximate actual experience and considers them reasonable, although the actual amortization and repayment of assets and liabilities may vary substantially.

Management Strategy

Asset Quality

The Company emphasizes high asset quality in both its investment portfolio and lending activities. Non-performing assets have ranged between .0.32% and 1.72% of total assets during the last three fiscal years and were 0.22% of total assets at June 30, 1999. During the fiscal years ended March 31, 1999, 1998, and 1997, the Company recorded provisions for loan losses of $100,000, $81,000, and $81,000, respectively, to its allowance for loan losses and had net charge-offs of $77,000, $53,000, and $25,000, respectively. The Company's allowance for loan losses at June 30, 1999, totaled $358,000. The allowance for loan losses calculation is based on a three year actual loss average. Total non-performing loans decreased to $150,000 at June 30, 1999, from $238,000 at March 31, 1999

Selected Financial Ratios and Other Data:	At or For the Three months ended June 30,	
Performance Ratios	1999	1998
Return on average assets	1.23%	1.32%
Return on average equity	9.46%	11.28%

MANAGEMENT' S DISCUSSION(CONT.)
<TABLE>

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	Three Months Ended June 30,					
	1999			1998		
	Average Outstanding Balance	Interest Earned/ Paid	Average Yield/ Rate	Average Outstanding Balance	Interest Earned/ Paid	Average Yield/ Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Assets						
Interest-earning assets:						
Mortgage loans	$63,163	$1,337	8.47%	$66,827	$1,449	8.67%
Commerical loans	3,731	110	11.79%	4,399	104	9.46%
Consumer loans	7,090	172	9.70%	7,837	192	9.80%
Total loans	73,984	1,619	8.75%	79,063	1,745	8.83%
Mortgage-backed securities	5,826	97	6.66%	6,311	115	7.29%
Interest bearing deposits in other financial institutions	3,791	49	5.17%	2,339	32	5.47%
Investment securities	3,399	50	5.88%	2,978	46	6.18%
Federal Home Loan Bank stock	753	12	6.75%	1,003	19	6.75%
Total interest-earning assets	87,753	$1,827	8.33%	91,694	$1,957	8.54%
Non-interest earning assets	7,850			5,299		
Total assets	$95,603			$96,993		
Liabilities and retained earnings:						
Deposits:						
NOW accounts(1)	$10,652	$34	1.28%	$9,842	$35	1.42%
Money market deposit accounts	7,202	73	4.08%	6,171	76	4.93%
Passbook	6,551	35	2.14%	6,146	33	2.15%
Certificates of deposit	37,751	513	5.44%	40,021	576	5.76%

Total deposits	62,156	655	4.22%	62,180	720	4.63%
Advances and other borrowings	19,252	255	5.30%	22,974	326	5.68%
Total interest-bearing liabilities	81,408	910	4.47%	85,154	1,046	4.91%
Non-interest bearing liabilities	1,732			416		
Equity	12,463			11,423		
Total liabilities and retained earnings	$95,603			$96,993		
Net interest income/interest rate spread(2)		$917	3.86%		$911	3.63%
Net earning assets/net interest margin(3)	$6,345		4.18%	$6,540		3.97%
Average interest-earning assets to average interest-bearing liabilities	1.08 x			1.08 x		

<FN>

(1) Includes non-interest bearing NOW accounts.
(2) Interest rate spread represents the difference between the average yield on interest-earning assets and the average rate on interest-bearing liabilities
(3) Net interest margin represents net interest income divided by average interest-earning assets.

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