

## Portfolio Update and Financial Reports

### Including an Update on Progress against the Expense Reduction Plan and Details Regarding Senior Management Travel

As of 8/31/09 (unaudited)

The credit and liquidity crisis that began in July 2007 continues to strain global financial markets. Members United is committed to providing our member-owners information about these market events and the quality of our assets. We strive to provide objective, transparent information data regarding our safety and soundness.

#### Economic Overview

The economy continues to point to signs of recovery as the “Great Recession” appears to be nearing an end. Much of the focus has shifted from the potential downside to the economy to what shape the recovery will take. The stock market seems to think that a “V”-shaped recovery is the most likely, as evidenced by the 7% increase in the S&P 500 from mid-August to mid-September 2009 and the 55% increase from the lows back in March. Our view is that the recovery will not be as robust as the stock market expects and the most likely recovery scenario will be a “jobless recovery” similar to that seen in the earlier part of this decade. In addition, significant risks to economic recovery still remain.

Before delving into the current economic details, it is important to note how far we have come from just a year ago when Lehman announced the biggest bankruptcy in the history of the United States. The world was a far different place as the Reserve Fund “broke the buck” and the vultures were circling the two remaining investment banks, Goldman Sachs and Morgan Stanley. The table below clearly illustrates how far credit spreads have recovered in the past year. Most spreads are back near the pre-Lehman bankruptcy levels.

#### Credit Spreads to Treasuries in basis points

Index	Post Lehman - Wide	Current	Change
High Grade Corp Debt	655	250	-405
High Yield Corp Debt	2182	900	-1282
CMBS (AAA)	1024	388	-636
Auto ABS (AAA)	630	78	-552
Credit Card ABS (AAA)	595	100	-495

Source: Bank of America

In addition to credit spreads, other indicators have improved dramatically from the post-Lehman lows as evidenced below:

#### Other Major Indicators

Index	Post Lehman Low	Current	Change	% Change
S&P 500	677	1049	372	55%
Oil	34	70	36	106%
Gold	712	995	283	40%
10 Year Treasury Yield	2.05%	3.45%	1.40%	N/A

While credit spreads have improved dramatically in many sectors, it is still important to note that a majority of losses in residential mortgage securities still have not flowed through to the bondholders. There is still great uncertainty as to what the ultimate losses will be. The key to the ultimate losses will be the loss severity on the large number of houses that have already been foreclosed upon and those that are likely to default over the next few years. The home liquidation process is currently averaging approximately 18-24 months, so it will take a while before losses are known, and changes in assumptions in housing prices will still have a large impact on loss expectations on bonds.

As for current affairs, the economy should continue to benefit from the inventory cycle and the impact of the stimulus spending over the next few quarters. In addition, the "Cash for Clunkers" program should provide a bounce to third quarter GDP. Our concern for the general economy still hinges on what occurs after the stimulus fades. The "Cash for Clunkers" program has already expired and the first time home buyers tax credit expires within the next few months. At some point, the baton will have to be passed on to the consumer in order to keep the economy going.

This is why we believe that a "V"-shaped recovery is unlikely. Consumers still have a long way to go in order to completely repair their balance sheets. Several measures of consumer health are still much worse than pre-bubble levels and will take time to heal. For example, the August 2009 household debt-to-income ratio stands at 131%, which is well above the long-term trend of 115%. Given a jobless recovery, we are unlikely to see much growth in incomes in the near term and thus, it will take time to pay down debt. The economy has certainly made a dramatic turnaround from a year ago and a "Great Depression II" has been averted, but it seems too soon to call for a return of rapid growth.

### **Members United Outlook**

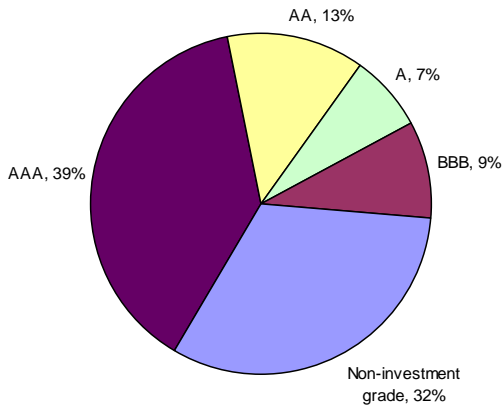
Interest rates have declined slightly over the last month, but significant Fed tightening is still being priced into the Fed Funds futures market for 2010. The market is currently pricing in over 100 basis points of tightening by December 2010. Our view is that we are unlikely to see any Fed tightening until 2011. The Fed has never started to raise rates before unemployment has peaked and the unemployment rate is not likely to peak until well into 2010. In addition, we don't believe that the Fed is willing to risk a double-dip recession. The Fed will likely need to see several months of growth before considering tightening rates. They are confident in their ability to fight inflation down the road and will be willing to accept some inflationary forces in the near-term in order to diminish the risks of deflation.

### **Portfolio Overview**

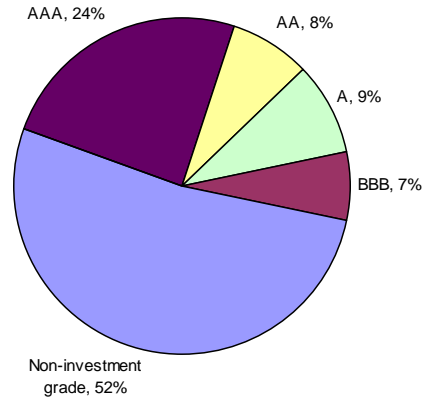
Credit risk is the risk that the par value of an investment will not be returned (fractionally or as a whole). Members United manages credit risk through continual monitoring and rigorous modeling of its investment securities. Members United has the regulatory authority to hold investment securities with a rating of BBB or higher. If an investment held by the corporate falls below BBB, an investment action plan must be prepared and filed with the NCUA, demonstrating the anticipated performance of the security and any potential loss exposure to future cash flows (periodic interest and principal payments). The ability to continue to hold investments below BBB are subject to the approval of the NCUA.

Members United presents three sets of charts on the next page. The first chart provides a ratings breakdown of Members United's current marketable securities holdings using the highest current rating available. The second chart provides the same breakdown using the lowest current rating available. The third chart shows a breakdown using the original rating assigned to the security. These charts summarize the portfolio ratings as of August 31, 2009 (total par value of approximately \$5.5 billion):

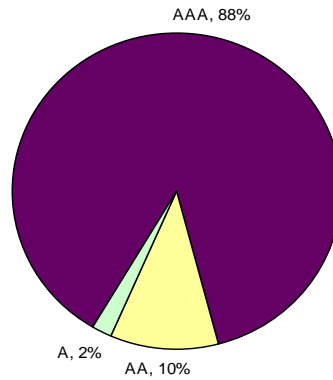
**Highest Ratings - Marketable Securities**



**Lowest Ratings - Marketable Securities**



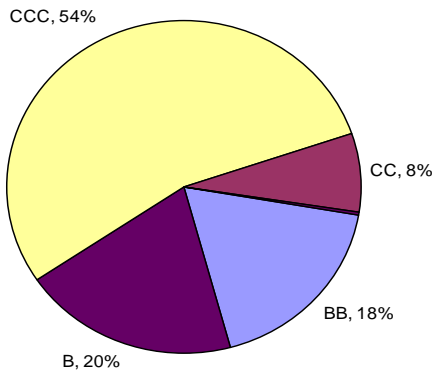
**Original Rating - Marketable Securities**



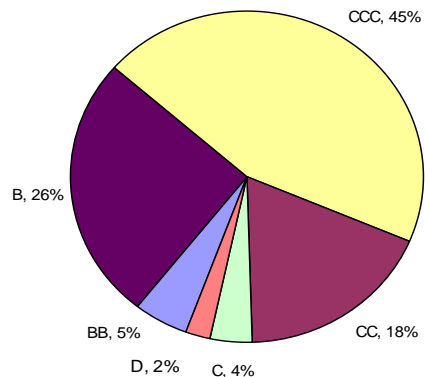
The charts clearly illustrate that a significant divergence exists between the rating agencies' current views. Using the highest ratings, 32% of the portfolio is below investment grade. Using the lowest ratings, 52% of the portfolio falls below investment grade. The third chart illustrates that the vast majority of Members United's current below-investment-grade exposure was originally purchased with a AAA rating.

The following charts provide additional ratings information for the non-investment grade portion of the portfolio as of August 31, 2009 (total par value of approximately \$1.8 billion for the highest-rating scenario and \$2.9 billion for the lowest-rating scenario):

**Highest Ratings - Non-Investment Grade**

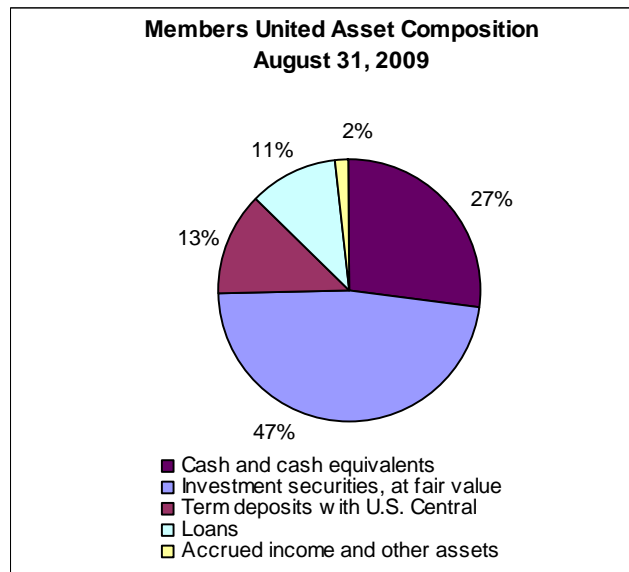
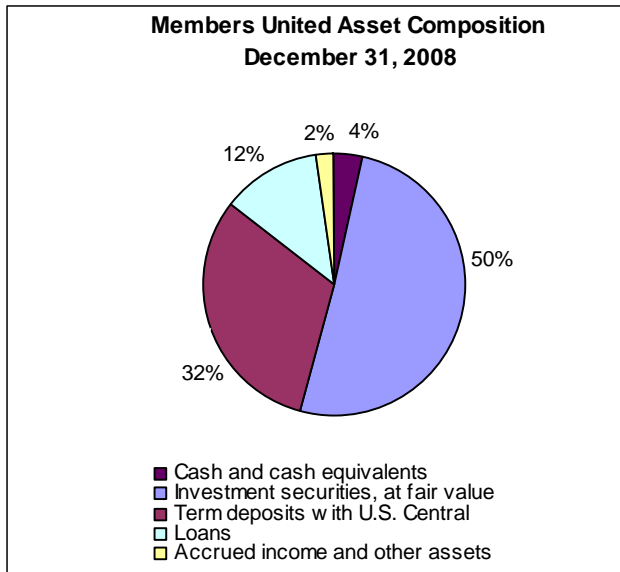


**Lowest Ratings - Non-Investment Grade**



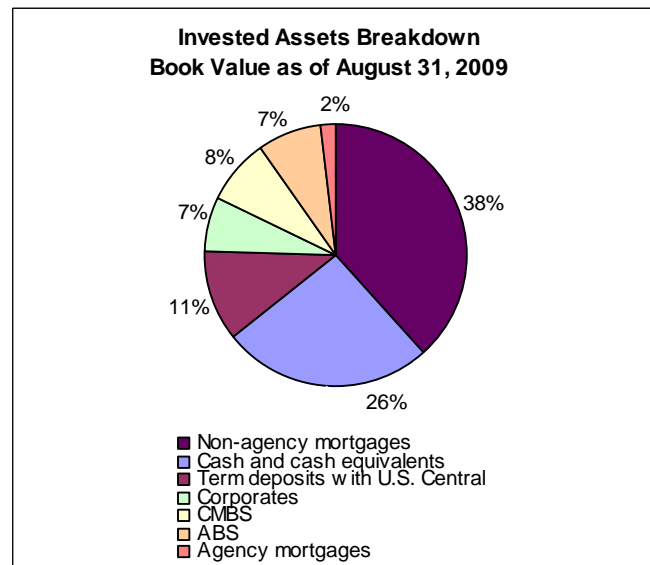
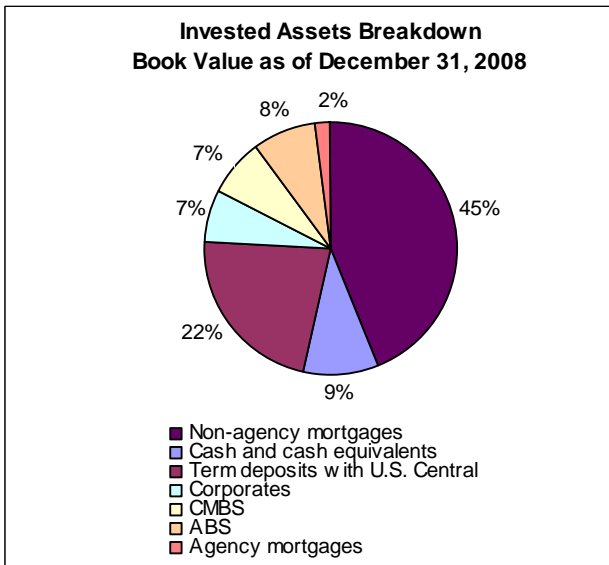
Asset Composition

As of August 31, 2009, the total fair value of assets was \$7.7 billion. Cash and cash equivalents and overnight deposits at U.S. Central totaled \$2.1 billion, fair value of marketable securities represented \$3.6 billion, loans to members totaled \$0.9 billion, and term deposits at U.S. Central totaled approximately \$0.9 billion.



Invested Assets

Asset allocations based on book value within Members United's invested asset portfolio have changed considerably since fiscal year-end 2008. Cash and cash equivalents have increased substantially from 9% to 26% of total investments. At the same time, term deposits with U.S. Central have been reduced from 22% to 11%, and non-agency mortgage securities have declined from 45% to 38%.



## Total Investment Portfolio

The table below summarizes Members United's total available-for-sale securities ("AFS"), by category, as of August 31, 2009:

(All dollar amounts are reflected in thousands)

	Par Value	Book Value	Unrealized Loss*	Fair Value
Non-agency mortgages	\$ 3,503,922	\$ 3,169,006	\$ (1,283,527)	\$ 1,885,479
Asset-backed securities (secured by non-mortgage assets)	658,497	658,793	(55,281)	603,512
Commercial mortgage-backed securities	646,177	656,062	(183,257)	472,805
Corporates	578,955	547,152	(44,953)	502,199
Agencies (mortgage and SBA pass-throughs)	152,401	152,397	(1,308)	151,089
Mutual fund and other	35,233	27,472	-	27,472
Total investment securities	\$ 5,575,185	\$ 5,210,882	\$ (1,568,326)	\$ 3,642,556
*Excludes net unrealized loss on derivative instruments of \$28,263.				

## Mortgage-Related Securities

The housing market remains under stress, though recent signs point to potential stabilization. While there is continued news of falling home values and rising delinquency and foreclosure rates, especially in certain geographic areas, the pace of this deterioration has declined. The following table provides more information on Members United's non-agency mortgage-related holdings as of August 31, 2009:

(All dollar amounts are reflected in thousands.)

Mortgage Portfolio Category	Par Value	Book Value	Percent of Non-Agency, Mortgage-Related Securities (Par Value)	Percent of Total Invested Assets*
Total non-agency mortgage exposure	\$3,503,922	\$3,169,006	100%	38%
Prime	969,908	896,319	28%	11%
Sub-prime (FICOs < 680)	904,964	852,690	26%	10%
Alt-A	1,629,050	1,419,997	46%	17%

\*Invested Assets = Book value of AFS securities + deposits at U.S. Central + cash and cash equivalents

## Monoline Insurance Companies

An important component of the credit quality of structured finance investment vehicles is the credit enhancement available to protect the investor from loss of principal or interest. One common method of providing credit enhancement for these investments is the use of an insurance "wrap" from a monoline insurer, which guarantees the timely payment of interest and ultimate payment of principal. Most monoline insurers continue to experience significant losses from guarantees they made on credit default swaps (CDS) and collateralized debt obligations (CDO) backed by residential mortgage securities. (Members United does not own any CDOs or hold any CDS contracts.) These unrealized losses continue to negatively affect the monoline insurers' capital ratios, leading to downgrades of their insurance financial strength ratings.

Two monoline insurers, FGIC and Syncora Guarantee (SGI), have been deemed permanently impaired, and residential mortgage-backed securities (MBS) wrapped by these two insurers were subjected to other-than-temporary impairment (OTTI). FGIC continues to pay claims on its insured obligations as scheduled. However, SGI has ceased paying claims effective April 26, 2009. Also of note, Ambac was downgraded to CC and Caa2 by S&P and Moody's, respectively, in late July, following its announcement of significantly greater-than-expected losses on its CDS exposures. While Ambac continues to be in compliance with regulatory capital requirements due to the approved release of a majority of its contingency reserves, the amount of cushion for potential additional future losses has fallen substantially.

The following table highlights Members United's monoline insurance exposure. We note again that holding amounts are reported on a book value basis and are net of any recorded OTTI:

(All dollar amounts are reflected in thousands.)

Monoline	August 31, 2009 Total Holdings Wrapped	August 31, 2009 Total Holdings Wrapped (% of Invested Assets*)
Ambac	\$378,128	4.6%
MBIA	365,900	4.4%
FGIC	114,034	1.4%
FSA	81,925	1.0%
SGI (f.n.a. XLCA)	17,604	0.2%
CIFG	10,719	0.1%
<b>Total</b>	<b>\$968,311</b>	<b>11.7%</b>

\*Invested Assets = Book value of AFS securities + deposits at U.S. Central + Cash

### Interest Rate Risk

Members United is exposed to some amount of interest rate risk, as changes in interest rates can affect net interest income and the value of our balance sheet. One common measure used to capture interest rate risk is net economic value (NEV), which measures the net change in the value of our assets, liabilities and off-balance sheet items, given a change in interest rates. Members United adheres to NCUA's Rules and Regulations Part 704 and analyzes NEV monthly using instantaneous and parallel interest rate shocks of up to 300 basis points – a very aggressive assumption designed to produce a “stress test” of the balance sheet. In addition, Members United also periodically evaluates the impact to NEV through changes to: yield curve point values, prepayment rates, volatility, credit spreads and basis risk. The resulting market value data information and deviation to “base case” results is reviewed with Management and ALCO.

The chart below demonstrates NEV test results for August 2009. Base-case NEV figures reflect the impact of unrealized losses, which we continue to believe are largely temporary. The most severe scenario of a 300 basis point, instantaneous rise in interest rates reflects a decline in NEV of approximately \$119.4 million or -9.03%.

(All dollar amounts are reflected in thousands.)

Net Economic Value			
August 31, 2009			
	Net Economic Value	Dollar Change	Percentage Change
Base net economic value	(1,321,781)	-	-
300 basis point rise in rates	(1,441,145)	(119,364)	(9.03%)

Valuations reflected in the base NEV calculation continue to be constrained due to market illiquidity and the failure of current market prices to capture true economic value, if the securities are held to maturity. Members United continues to monitor this dislocation in valuations through regular comparisons of internal option adjusted spread (OAS)-derived prices with prices received from third-party pricing services. Differentials between these two pricing approaches remain quite wide, as most asset-backed security (ABS) sectors remain thinly traded and quotes from market makers and third-party pricing sources continue to reflect deep discounts and a sizeable liquidity premium.

We note that as market liquidity eventually improves, this dislocation in market pricing is expected to gradually correct itself, eventually leading to a reduction in unrealized losses reported in base NEV measures. In fact, “accumulated other comprehensive income” (AOCI) improved by \$62 million at August 31, 2009, versus July 31, 2009, and improved a total of \$192 million from June 30, 2009.

In addition to NEV computations, Members United executes monthly net interest income (NII) forecasts under instantaneously shocked and ramped rate scenarios. These are typically 12-month, forward-looking forecasts that are calibrated to the same sector volumes utilized in NEV modeling. Repricing characteristics are reviewed monthly and are adapted to current market conditions, as applicable, to ensure that the most robust assumptions are applied in the forecast simulations. The following table illustrates Members United's projected NII over the next 12 months. As is appropriate with NEV modeling, Members United captures the embedded options (prepayment speeds, "call" provisions, etc.) associated with all on- and off-balance sheet instruments.

(All dollar amounts are reflected in thousands.)

<b>Net Interest Income Projection</b>			
<b>August 31, 2009 (12-month projection)</b>			
	<b>Net Interest Income</b>	<b>Dollar Change</b>	<b>Percentage Change</b>
Base case NII	31,266	-	-
300 basis point rise in rates	58,826	27,561	88.15%

### Liquidity Risk

Liquidity risk addresses the ability to create liquidity to fund cash flow requirements, both expected and unexpected, which usually result from share withdrawals and member loan requests. Liquidity risk is mitigated by the amount of currently available liquidity. This can be in the form of cash that can be immediately utilized or in readily available sources of liquidity such as borrowings. The following table outlines our sources of liquidity as of August 31, 2009:

(All dollars are reflected in thousands)

<b>Current Liquidity</b>			
Cash and short term deposits	\$ 1,597,546		
<b>Source of Liquidity</b>	<b>Gross</b>	<b>Used</b>	<b>Net</b>
FHLB Chicago line of credit	\$ 240,000	\$ 230,000	\$ 10,000
US Central - advised line	873,350	165,003	708,347
State of Illinois deposit	100,000	50,000	50,000
Available-for-sale securities - sales	1,415,220	-	1,415,220
Available-for-sale securities - borrowings	1,546	-	1,546
Fed funds	913,000	-	913,000
Fed discount window	805,873	-	805,873
<b>Subtotal</b>	<b>4,348,989</b>	<b>445,003</b>	<b>3,903,986</b>
<b>Total</b>	<b>\$ 5,946,535</b>	<b>\$ 445,003</b>	<b>\$ 5,501,532</b>
<b>Total member loans</b>		<b>\$ 852,736</b>	
<b>Balances at the FRB</b>		<b>\$ 547,807</b>	

Cash balance trends are showing above seasonal trend strength through August. Balances while following annual seasonal trends remain consistently over \$500 million more than forecasts. Cash balances at month end are just over \$2 billion and, even adjusted for required Federal Reserve balances, are still in excess of \$1.6 billion. Liquidity is strong across the whole credit union system, as well as at Members United, as consumers have slowed their discretionary spending and increased their savings in credit unions. Liquidity remains an important component of our strategy as it allows us to continue to hold securities while the market continues to remain fragmented due to weakness in mortgage and housing sectors. Members United continues to participate in the temporary corporate credit union share guarantee program (TCCUSGP) provided under the Corporate Credit Union Stabilization Fund. All new certificates, under two years, are covered as well as all overnight share accounts. This guarantee program is supported by the full faith and credit of the U.S. government. Membership shares and paid-in shares are considered capital, are uninsured and are therefore not covered under the TCCUSGP.

## Derivative Positions

Members United uses interest rate swaps to manage interest rate risk and has never used derivatives to hedge credit risk associated with a specific investment. For example, if Members United made a five-year, fixed-rate loan to a credit union, Members United would enter into an interest rate swap to convert the fixed rate to a variable rate. There can be a nominal amount of credit risk if the counterparty should fail to perform under the terms of the contract. Members United manages credit risk by using comprehensive credit-approval processes, selecting only creditworthy counterparties and using effective collateral administration. In addition, Members United requires legally enforceable netting arrangements, which permit netting of transactions with the same counterparty.

The amount of credit exposure is limited to the interest receivable and the fair market value of the derivative contracts in gain positions, reduced by the value of any collateral pledged by the counterparty. As of August 31, 2009, there was no credit exposure with our derivative counterparties.

## **Financial Plan Update**

Members United continues to follow a financial plan that is designed with one goal in mind – to minimize the ultimate losses to our member credit unions by holding securities until they mature. While principal losses are expected, the losses would be greater if the securities were sold in the current market. In summary, Members United continues to:

- Participate in the TCCUSGP
- Continue suspension of mortgage investment purchases
- Hold securities until they recover in value
- Use cash inflows to pay down debt and store cash
- Reduce operating expenses to preserve capital

Members United remains focused on following this plan, which is achieving the desired results.

Significant operating expense savings continue to be realized – actual year-to-date expenses are down \$9.1 million in 2009 compared to the prior year.

## Status of the 2008 Audit

U.S. Central's audited financial statements were released on September 11, 2009, which resulted in no additional depletion of Members United capital at USC beyond the 63.7% previously reported. Members United is now working with its auditors, McGladrey & Pullen, to finalize the 2008 audited financial statements, which we expect to release in October.

## Retained Earnings Roll Forward Schedule

The following schedule has been prepared to highlight several significant transactions that have occurred since November 30, 2008. In summary, retained earnings of \$300.4 million as of November 30, 2008, now represent a deficit of \$(277.3) million as of August 31, 2009, representing a decline of \$578 million over the course of this time period.

(All dollar amounts are reflected in thousands)

<b>Retained earnings roll forward - UNAUDITED</b>	
<b>Retained earnings as of November 30, 2008</b>	\$ 300,397
Depletion of U.S. Central capital accounts recorded for December	(152,736)
NCUSIF stabilization expense	(1,940)
Additional allowance for CUSO loan and miscellaneous	(9,490)
Other than temporary impairment (OTTI) on AFS securities (fair value)	(868,408)
Retained deficit as of December 31, 2008	(732,177)
Reverse non-credit portion of OTTI upon adoption of FSP 115-2	603,076
Retained deficit on 1/1/09	(129,101)
Net income January 2009 through May 2009	6,799
June 2009 net loss (including \$81.9 million of additional OTTI)	(79,320)
July 2009 net loss (including \$80.9 million of US Central MCS depletion)	(78,042)
August 2009 net income	2,391
<b>Retained deficit on August 31, 2009</b>	<b>\$ (277,273)</b>

It should be noted that while Members United's capital ratio stands at 3.16% and is below the 5.0% regulatory requirement, the NCUA issued an order recently that provides a waiver for determining regulatory compliance with several capital-based requirements and allows corporates to reference their November 30, 2008, capital levels, which exceeded the 5.0% requirement for Members United.

#### Capital Depletion

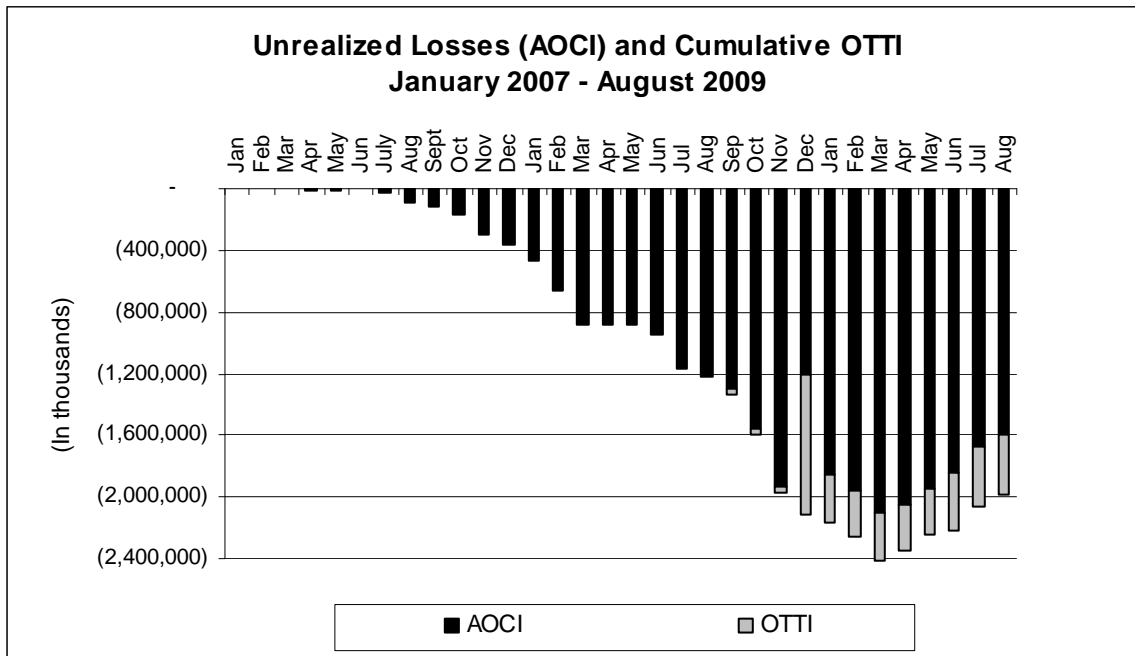
On September 16, 2009, in accordance with guidance received from NCUA regarding NCUA Rules and Regulations Part 704.2 and as further clarified in the NCUA letter to credit unions No. 09-CU-10 "Matters Related to 'Paid-in Capital' and 'Membership Capital' of Corporate Credit Unions," Members United depleted member capital to eliminate the retained deficit that existed as of August 31, 2009. The total of the loss as a result of the depletion of U.S. Central capital combined with the loss on our investment portfolio resulted in 100% depletion of member paid-in capital (PIC), as well as a 40.2% depletion of membership shares (MCS).

Going forward, Members United will be required to deplete more membership capital if future losses develop that create a retained deficit. Future losses could possibly develop from the audit process, as U.S. Central depletes remaining capital shares, or through the quarterly review of the investment portfolio.

Members United's last quarterly investment review was performed as of May 31, 2009, in connection with the second quarter financial close. Investments will be subject to a review as of September 30, 2009, in connection with the third quarter financial close. While the Economic Overview presented earlier highlighted some recent positive market trends, it should be noted that factors such as home values and unemployment did continue to deteriorate after May 31, 2009. While home values and unemployment trends appear to have stabilized in August 2009, the fact that they did deteriorate since the last quarterly investment review means that it is likely that some additional OTTI will surface from the study being performed as of September 30, 2009. If meaningful OTTI develops at either U.S. Central or Members United or if the audit of Members United requires us to impair the remaining \$74.6 million investment in capital shares at U.S. Central, the resulting entries could create a new retained deficit that would require further depletion against a portion of the remaining membership share balances.

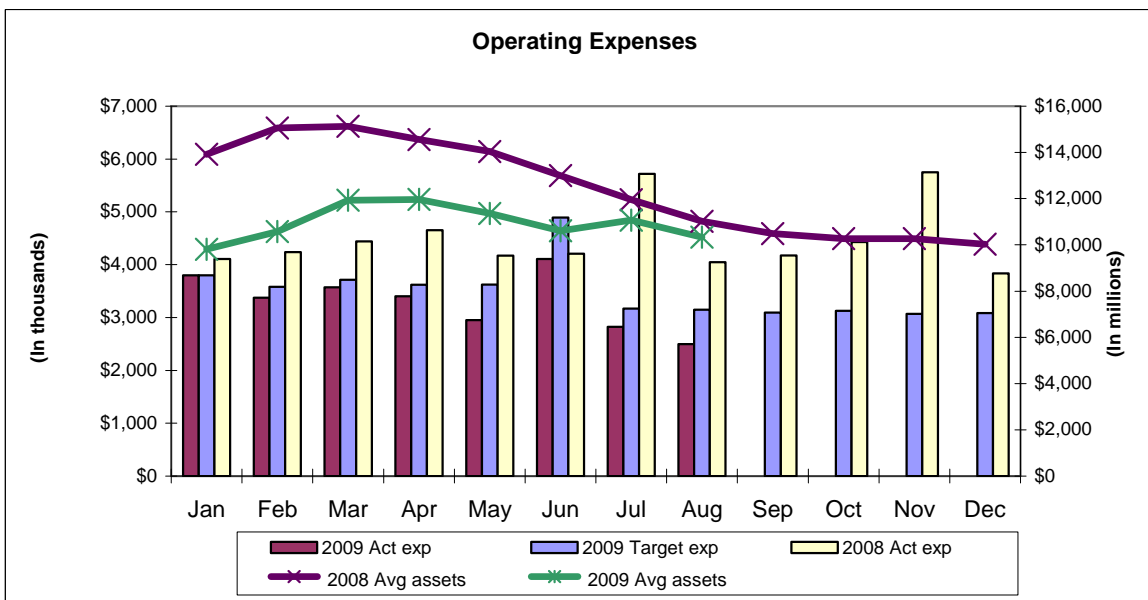
#### Valuation Trends

Investment valuations have improved slightly over the past four months, as illustrated in the following chart. For comparability purposes, the chart adds the current unrealized loss (AOCI) and all OTTI that has been recorded since September 2008. Aggregating this data improves comparability of this trend since OTTI essentially represents a reclass from the balance sheet (AOCI) to the income statement (OTTI), when losses are deemed other-than-temporary.



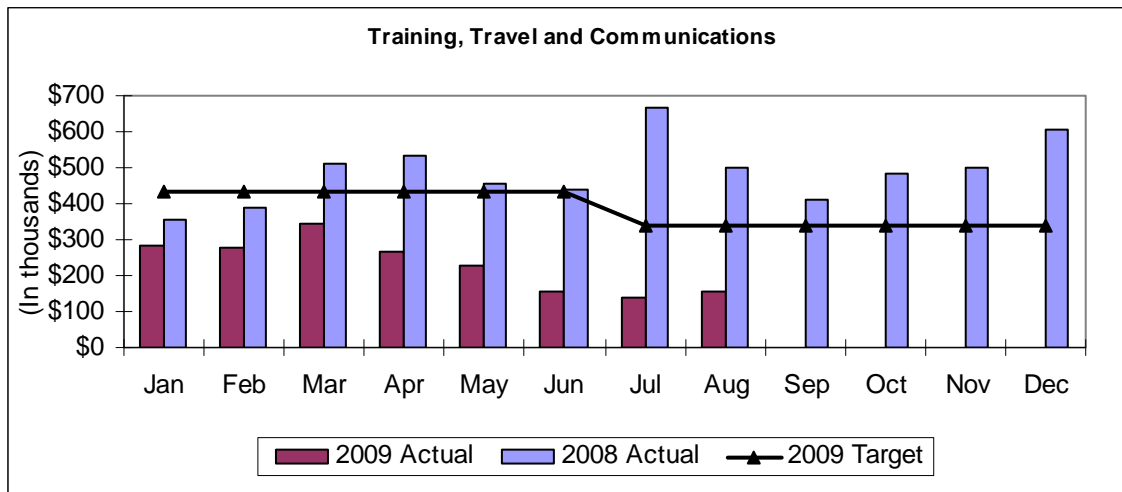
#### Total Operating Expenses - Plan Update

Members United continues to realize significant cost savings relative to last year. On a year-to-date basis through August 2009, total expenses are \$9.1 million **less** than expenses incurred through August 2008.



#### Travel, Training and Communication Expense – Update

Travel, training and communications expense is approximately 11% of the total annual operating expense budget and represents a primary focus of the cost savings initiatives in 2009. These expenses totaled \$156,000 for the month of August. The following table presents results against plan.



From 7/24/09 through 8/23/09 (the applicable expense reporting period), the executive leadership team expense reports totaled \$2,863, which included the cost of five trips. One of these trips occurred during the month of July and two trips are for future travel. At August 31, 2009, the executive leadership team includes Joe Herbst, Todd Adams, Kevin Brauer, Jane Brent, John Collins and Ron Koza. The following table provides more detailed information regarding leadership team travel:

Leadership Team Travel and Expenses August 30, 2009				
Date	Name	Costs	From/To	Purpose
7/21-7/25	Kevin Brauer	\$ 1,515	Albany to National Harbor, MD	NAFCU convention
8/26-8/28	Kevin Brauer	379	Albany to Chicago	ELT meetings in the Warrentville office
9/11-9/13	Joe Herbst	270	Chicago to Brainerd, MN	Minnesota Credit Union Network conference
8/31-9/4	Joe Herbst	168	Albany to Chicago	ELT planning session
9/11-9/13	Ron Koza	531	Chicago to Brainerd, MN	Minnesota Credit Union Network conference
<b>Total travel related expenses</b>		<u>\$ 2,863</u>		

## Ratings

During August 2009, Members United requested the issuer rating services from Fitch be suspended for the foreseeable future. Liquidity sources no longer rely on ratings but instead rely on the various guarantee programs and acceptable collateral positions. Terminating this service reduces expenses.

## Unaudited Financial Information as of August 31, 2009

A summarized balance sheet, income statement and capital ratios are provided below:

**MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION**  
**CONSOLIDATED BALANCE SHEETS**  
**AUGUST 31, 2009**  
**UNAUDITED**  
*(in thousands)*

	<u>August 31,</u>	
	<b>2009</b>	<b>2008</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,101,734	\$ 99,301
Overnight deposits at U.S. Central	43,619	1,689,288
Investment securities, at fair value	3,642,556	5,224,469
Interest earning deposits at U.S. Central	947,911	1,981,503
Loans to members and affiliates, net	780,505	1,046,582
Participation loans, net	72,231	95,008
Fixed assets, net	9,405	9,929
Accrued income and other assets	118,233	147,141
<b>Total assets</b>	<u>\$ 7,716,194</u>	<u>\$ 10,293,221</u>
<b>Liabilities and Members' Equity</b>		
Borrowings and other liabilities		
U.S. Central borrowings	\$ 165,003	\$ 883,338
Federal Home Loan Bank	233,712	234,417
Securities sold under agreements to repurchase	-	494,996
Federal funds	-	102,000
Commercial paper	-	11,977
Other borrowings	50,916	104,094
Accrued expenses and other liabilities	101,507	97,581
Total borrowings and other liabilities	<u>551,138</u>	<u>1,928,403</u>
Members' equity		
Shares and certificates	8,486,494	8,685,035
Membership capital shares	472,984	483,990
Paid-in capital shares	79,440	79,440
Retained (deficit) earnings	<u>(277,273)</u>	<u>332,986</u>
Total capital	275,151	896,416
Accumulated other comprehensive loss	<u>(1,596,589)</u>	<u>(1,216,633)</u>
Total members' equity	<u>7,165,056</u>	<u>8,364,818</u>
<b>Total liabilities and members' equity</b>	<u>\$ 7,716,194</u>	<u>\$ 10,293,221</u>

**MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**AS OF AUGUST 31, 2009**  
**UNAUDITED**  
*(in thousands)*

	Month Ended August 31,		Year-to-Date August 31,		Notes
	2009	2008	2009	2008	
<b>Interest income</b>					
Investments	\$ 7,720	\$ 25,500	\$ 79,466	\$ 300,550	
Loans	3,074	4,028	28,392	26,676	
Total interest income	10,794	29,528	107,858	327,226	
<b>Interest expense</b>					
Members' accounts	7,252	21,835	70,352	246,577	
Borrowings	654	3,430	13,239	41,006	
Total interest expense	7,906	25,265	83,591	287,583	
Net interest income	2,888	4,263	24,267	39,643	
<b>Noninterest income</b>					
Service fee income, net	1,880	1,723	15,305	13,426	
Other income	91	54	463	198	
Total noninterest income	1,971	1,777	15,768	13,624	
<b>Noninterest expense</b>					
Salaries and employee benefits	1,562	2,445	16,565	21,226	
Training, travel and communications	156	500	1,845	3,853	
Office operations	291	337	2,528	2,838	
Professional and outside services	210	341	3,224	3,451	
Office occupancy	212	326	1,790	3,191	
Other	63	102	576	1,024	
Total noninterest expense	2,494	4,051	26,528	35,583	
<b>Net income before net income (loss) on financial instruments</b>	2,365	\$ 1,989	13,507	17,684	
<b>Net income (loss) on financial instruments</b>	26	12	(161,678)	(5,248)	A
<b>Net income (loss)</b>	\$ 2,391	\$ 2,001	\$ (148,171)	\$ 12,436	

**Notes**

- A The income statement has been formatted to show net losses on financial instruments as a line below core operating earnings. This includes gains and losses that have been realized (i.e., the security has been sold and a cash gain or loss has been realized) as well as fair value adjustments on our derivative portfolio.

**MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION**  
**KEY FINANCIAL INFORMATION**  
**AUGUST 31, 2009**  
**UNAUDITED**  
*(in thousands)*

**Capital Ratios**

	<b>August 31,</b>		<b>November 30,</b>	<b>Regulatory Limits or Thresholds</b>
	2009	2008	2008	
Qualifying membership capital shares	\$ 472,984	\$ 483,990	\$ 486,066	
Paid-in capital shares	79,440	79,440	79,440	
Retained (deficit) earnings	(277,273)	332,986	300,396	
Total capital	<u>\$ 275,151</u>	<u>\$ 896,416</u>	<u>\$ 865,902</u>	
12-month daily average net assets	\$ 8,715,600	\$ 12,758,912	\$ 11,950,268	
Capital ratio	3.16%	7.03%	7.25%	5.00%
Core capital ratio	-2.27%	3.23%	3.18%	3.00%
Retained earnings ratio	-3.18%	2.61%	2.51%	2.00%

**Supplemental Valuation Information**

	<b>Balance</b>
Non-agency mortgages	\$ (1,283,527)
Asset-backed securities	(55,281)
Commercial mortgage-backed securities	(183,257)
Corporates	(44,953)
Agency mortgages	(1,308)
Derivative instruments	(28,263)
Accumulated other comprehensive loss	<u>\$ (1,596,589)</u>

**Summary**

Members United appreciates your continued support and patience as we work through the accounting and reporting requirements. Members United remains committed to contributing to the long-term financial success of our members and will continue to work towards minimizing any losses incurred.

**Contact Information**

For questions related to any information contained in this update, please contact any of the following individuals:

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