



# Consolidated Financial Statements

*Unaudited*

December 31, 2007



Contact Information:

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**MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2007**  
*(in thousands)*

	December 31,	
	2007	2006
<b>Assets</b>		
Cash and cash equivalents	\$ 102,935	\$ 709,662
Securities available for sale, at fair value	6,718,171	4,763,737
Interest earning deposits	6,359,316	4,552,397
Loans to members and affiliates	671,151	419,011
Participation loans, net	55,338	53,647
Fixed assets, net	11,544	13,085
Accrued income and other assets	129,238	67,981
<b>Total assets</b>	<b>\$ 14,047,693</b>	<b>\$ 10,579,520</b>
<b>Liabilities and Members' Equity</b>		
Liabilities		
Members' accounts		
Shares and certificates	\$ 10,108,750	\$ 9,172,774
Membership capital shares	490,496	489,999
Paid-in capital shares	79,440	79,440
Total members' accounts	10,678,686	9,742,213
Borrowings and other liabilities		
U.S. Central borrowings	1,637,876	43,056
Commercial paper	146,076	89,588
Securities sold under agreements to repurchase	949,507	100,404
Other borrowings	481,261	182,349
Deposits from affiliates and non-members	70,518	59,119
Accrued dividends and other liabilities	127,455	57,507
Total borrowings and other liabilities	3,412,693	532,023
<b>Total liabilities</b>	<b>14,091,379</b>	<b>10,274,236</b>
Members' equity		
Statutory reserves and undivided earnings	319,961	304,559
Accumulated other comprehensive income (loss)	(363,647) <b>A</b>	725
Total members' equity	(43,686)	305,284
<b>Total liabilities and members' equity</b>	<b>\$ 14,047,693</b>	<b>\$ 10,579,520</b>

**Notes:**

- A** Unrealized losses have not been recognized into income because the securities are of high credit quality (investment grade with a majority rated at the highest AAA or AA levels), Members United has the intent and ability to hold these securities until the anticipated recovery, and the decline in fair value is largely due to unique market events that have reduced demand for these type of securities. The fair value is expected to recover as the securities approach maturity date or as market volatility stabilizes and returns to more historic levels.

**MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**AS OF DECEMBER 31, 2007**  
*(in thousands)*

	Month Ended December 31,		Year-to-Date December 31,	
	2007	2006	2007	2006
<b>Interest income</b>				
Investments	\$ 54,469	\$ 38,046	\$ 595,540	\$ 395,349
Loans	3,045	2,403	28,675	30,859
Total interest income	57,514	40,449	624,215	426,208
<b>Interest expense</b>				
Members' accounts	40,249	35,530	526,223	362,049
Borrowings	12,502	1,903	48,847	25,827
Total interest expense	52,751	37,433	575,070	387,876
Net interest income	4,763	3,016	49,145	38,332
<b>Noninterest income</b>				
Service fee income, net	1,567	1,458	20,320	21,190
Other income	17	9	189	403
Net gains (losses) on financial instruments	595	(1)	(4,487)	(65)
Total noninterest income	2,179	1,466	16,022	21,528
<b>Noninterest expense</b>				
Salaries and employee benefits	2,542	2,262	29,817	32,952
Office operations	458	532	4,743	5,539
Professional and outside services	472	534	4,704	4,973
Training, travel and communications	878	475	5,804	5,218
Office occupancy	287	324	3,319	3,152
Other	124	143	1,377	1,541
Total noninterest expense	4,761	4,269	49,764	53,374
<b>Net income</b>	<b>\$ 2,181</b>	<b>\$ 213</b>	<b>\$ 15,403</b>	<b>\$ 6,486</b>

**MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION**  
**KEY FINANCIAL INFORMATION**  
**DECEMBER 31, 2007**  
*(in thousands)*

**Capital Ratios**

	December 31,		Regulatory Limits or Thresholds
	2007	2006	
Qualifying membership capital shares	\$ 485,255	\$ 484,023	
Paid-in capital shares	79,440	79,440	
Reserves and undivided earnings	319,961	304,559	
Total regulatory capital	\$ 884,656	\$ 868,022	
12-month daily average net assets	\$ 11,926,799	\$ 9,230,294	
Capital ratio	7.42%	9.66%	5.00%
Core capital ratio	3.35%	4.27%	3.00%
Retained earnings ratio	2.68%	3.39%	2.00%

**Net Economic Value**  
**December 31, 2007**

	Net Economic Value	Dollar Change	Actual Percentage Change	Policy
300 basis point rise in rates	\$ 313,196	\$ (192,859)	-38.1%	-28.0%
Base net economic value	506,055	-	-	-
300 basis point decline in rates	564,211	58,156	11.5%	

Due to market volatility, Members United's net economic value change exceeded the policy limit as of December 31, 2007. It is likely that that this will continue to occur until markets stabilize. Members United is required to notify the NCUA and believes that investment positioning is not required at this time as the event was triggered by an overall increase in the volatility and pricing assumptions embedded in the calculation. Please refer to the Portfolio Update for more information regarding market events.

**Issuer Ratings**

	Rating Type	Rating
Moody's	Short term	P-1
Standard and Poor's	Short term	A-1+
Fitch	Short term	F1+
	Long term	AA-
	Individual	A/B

**Supplemental Valuation Information**

	Balance
Asset backed securities	\$ (202,952)
Collateralized mortgage obligations	(124,860)
Corporate debt	(23,005)
Other financial instruments	(12,830)
Accumulated other comprehensive income (loss)	\$ (363,647)