



# Consolidated Financial Statements

*Unaudited*

November 30, 2007



Contact Information:

**Todd Adams**

*Chief Financial Officer*

630-276-2770

[todd.adams@membersunited.org](mailto:todd.adams@membersunited.org)

**MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION**  
**CONSOLIDATED BALANCE SHEETS**  
**NOVEMBER 30, 2007**  
*(in thousands)*

	November 30,		December 31,
	2007	2006	2006
<b>Assets</b>			
Cash and cash equivalents	\$ 79,065	\$ 1,100,246	\$ 661,022
Securities available for sale, at fair value	6,822,949	4,540,704	4,758,746
Interest earning deposits	5,577,970	3,488,345	4,400,052
Loans to members and affiliates	629,022	548,435	403,278
Participation loans, net	54,316	51,281	53,647
Fixed assets, net	11,707	12,925	12,755
Accrued income and other assets	135,667	62,722	65,734
<b>Total assets</b>	<b>\$ 13,310,696</b>	<b>\$ 9,804,658</b>	<b>\$ 10,355,234</b>
<b>Liabilities and Members' Equity</b>			
Liabilities			
Members' accounts			
Shares and certificates	\$ 10,056,674	\$ 8,501,892	\$ 8,975,631
Membership capital shares	479,835	478,449	478,449
Paid-in capital shares	79,440	79,440	79,440
Total members' accounts	10,615,949	9,059,781	9,533,520
Borrowings and other liabilities			
U.S. Central borrowings	1,235,608	43,562	38,531
Commercial paper	129,529	89,615	89,588
Securities sold under agreements to repurchase	914,978	100,419	100,404
Other borrowings	187,174	112,229	182,349
Deposits from affiliates and non-members	62,231	48,749	59,119
Accrued dividends and other liabilities	152,208	53,934	55,804
Total borrowings and other liabilities	2,681,728	448,508	525,795
<b>Total liabilities</b>	<b>13,297,677</b>	<b>9,508,289</b>	<b>10,059,315</b>
Members' equity			
Statutory reserves and undivided earnings	308,250	294,874	295,129
Accumulated other comprehensive income (loss)	(295,231) <b>A</b>	1,495	790
Total members' equity	13,019	296,369	295,919
<b>Total liabilities and members' equity</b>	<b>\$ 13,310,696</b>	<b>\$ 9,804,658</b>	<b>\$ 10,355,234</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 NOVEMBER 30, 2007**  
*(in thousands)*

	<b>Month Ended</b>		<b>Year-to-Date</b>	
	<b>November 30,</b>		<b>November 30,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Interest income</b>				
Investments	\$ 49,381	\$ 33,259	\$ 529,735	\$ 348,423
Loans	2,919	2,585	25,118	27,289
Total interest income	<u>52,300</u>	<u>35,844</u>	<u>554,853</u>	<u>375,712</u>
<b>Interest expense</b>				
Members' accounts	38,522	31,190	475,350	318,514
Borrowings	9,124	1,827	36,137	22,817
Total interest expense	<u>47,646</u>	<u>33,017</u>	<u>511,487</u>	<u>341,331</u>
Net interest income	4,654	2,827	A 43,366	34,381
<b>Noninterest income</b>				
Service fee income, net	1,634	1,552	18,439	19,484
Other income	7	8	172	394
Net gains (losses) on financial instruments	<u>(1,547)</u>	<u>6</u>	<u>(5,082)</u>	<u>(64)</u>
Total noninterest income	94	1,566	13,529	19,814
<b>Noninterest expense</b>				
Salaries and employee benefits	2,406	2,560	26,473	30,049
Office operations	414	491	4,254	4,972
Professional and outside services	400	425	4,058	4,213
Training, travel and communications	548	425	4,817	4,631
Office occupancy	266	276	2,961	2,741
Other	<u>145</u>	<u>134</u>	<u>1,212</u>	<u>1,360</u>
Total noninterest expense	<u>4,179</u>	<u>4,311</u>	<u>43,775</u>	<u>47,966</u>
<b>Net income</b>	<u>\$ 569</u>	<u>\$ 82</u>	<u>\$ 13,120</u>	<u>\$ 6,229</u>

**Notes:**

- A** Many of Members United's assets earn interest based on LIBOR rates while dividend expense is primarily based on Fed Funds rates. Until August 2007, the relationship between LIBOR and Fed Funds was relatively narrow. Recently, the markets have been volatile and the spread between LIBOR and Fed Funds has widened. This creates a favorable margin environment for Members United. Conversely, as this spread increases, the value of certain derivative financial instruments declines and results in net losses. The derivative losses represent temporary declines in value and should recover over time as the positions near maturity.

**MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION**  
**KEY FINANCIAL INFORMATION**  
**NOVEMBER 30, 2007**  
*(in thousands)*

**Capital Ratios**

	November 30,		December 31,	Regulatory Limits or Thresholds
	2007	2006	2006	
Qualifying membership capital shares	\$ 475,224	\$ 471,295	\$ 472,473	
Paid-in capital shares	79,440	79,440	79,440	
Reserves and undivided earnings	308,250	294,874	295,129	
Total regulatory capital	<u>\$ 862,914</u>	<u>\$ 845,609</u>	<u>\$ 847,042</u>	
12-month daily average net assets	\$ 11,349,782	\$ 8,885,650	\$ 8,988,109	
Capital ratio	7.60%	9.52%	9.42%	5.00%
Core capital ratio	3.42%	4.21%	4.17%	3.00%
Retained earnings ratio	2.72%	3.32%	3.28%	2.00%

**Net Economic Value**  
**November 30, 2007**

	Net Economic Value	Dollar Change	Actual Percentage Change	Policy
300 basis point rise in rates	\$ 382,836	\$ (168,754)	-30.6%	-28.0%
Base net economic value	551,590	-	-	-
300 basis point decline in rates	591,449	39,859	7.2%	

Due to market volatility, Members United's net economic value change exceeded the policy limit as of November 30, 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	\$ (186,106)
Collateralized mortgage obligations	(82,591)
Corporate debt	(16,275)
Other financial instruments	(10,259)
Accumulated other comprehensive income (loss)	<u>\$ (295,231)</u>