



Consolidated Financial Statements

Unaudited

Members' share and certificate accounts represent an ownership interest in Members United and beginning January 1, 2008 we elected to report these accounts as members' equity on our monthly interim and unaudited balance sheet reports. This presentation also presents a clear legal priority format to transparently illustrate how losses, if ever realized, would be allocated. It should be noted that Generally Accepted Accounting Principles (GAAP) would require members' accounts to be reported as liabilities.

November 30, 2008



Contact Information:

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Chief Financial Officer

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December 18, 2008

Members United's net income of \$3.4 million for the month ended November 30, 2008, compares favorably to the \$0.5 million earned for the same period in 2007. On a year-to-date basis, a net loss of \$20.1 million is primarily due to losses recorded on financial instruments.

Members United recently announced proactive business model changes to better position the corporate to navigate through this uncertain market and to position the company for continued success in the future. These changes will realize operating efficiencies, focus our member service teams on our core markets and preserve member capital. Every day, Members United provides value-added payment and investment products and services to its members, and this will continue. From a financial perspective, operating expenses were higher in November as costs associated with implementing this plan were accrued; however, savings will begin to be realized as early as December 2008.

The financial crisis continues to pressure the market value of our investments. Unrealized losses totaled \$1.9 billion as of November 30, 2008 – and increase of \$0.3 billion over the prior month. We continue to believe that the unrealized losses represent temporary declines in value, and we intend to hold the securities until they recover in value, which in some cases may mean maturity. All investments, except our Lehman holdings, continue to pay principal and interest.

Liquidity is a primary factor in our ability to hold the investments until they recover in value. Cash and overnight share accounts as of November 30, 2008, totaled \$1.2 billion, unused advised lines of credit totaled \$1.2 billion, and access to the Federal Reserve discount window has been established as a backstop and totaled \$1.0 billion. The NCUA recently announced the SIP and HARP programs, which should only further strengthen the liquidity position.

Capital totaled \$866 million as of November 30, 2008, including \$300 million of reserves and undivided earnings. Members United did not record any permanent impairment charges (OTTI) during the month of November.

We greatly appreciate the continued support from our credit union members who continue to provide us with the liquidity and capital to come through these challenging economic times together. In addition to these financial statements, additional information has been posted on our website such as *Portfolio Update* and recordings of the monthly member webinars.

Respectfully submitted,

Todd M. Adams
Chief Financial Officer

MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION
CONSOLIDATED BALANCE SHEETS
NOVEMBER 30, 2008
(in thousands)

	November 30,		December	Notes
	2008	2007	2007	
Assets				
Cash and cash equivalents	\$ 396,265	\$ 80,262	\$ 102,935	
Overnight deposits at U.S. Central	826,809	2,043,578	2,172,714	
Investment securities, at fair value	4,299,520	6,825,962	6,718,171	A
Interest earning deposits at U.S. Central	1,747,264	3,824,063	4,186,602	
Loans to members and affiliates	903,029	635,113	671,151	
CLF loans	318,516	-	-	B
Participation loans, net	91,332	54,316	55,338	
Fixed assets, net	9,825	11,737	11,544	
Accrued income and other assets	174,559	139,265	129,238	
Total assets	<u>\$ 8,767,119</u>	<u>\$ 13,614,296</u>	<u>\$ 14,047,693</u>	
Liabilities and Members' Equity				
Borrowings and other liabilities				
U.S. Central borrowings	\$ 581,700	\$ 1,235,608	\$ 1,637,876	
Securities sold under agreements to repurchase	254,691	919,091	949,507	
Federal Home Loan Bank	234,243	5,194	5,111	
Federal funds	15,000	55,500	35,500	
CLF borrowings	318,516	-	-	B
Commercial paper	268,000	129,529	146,076	
Other borrowings and liabilities	242,119	343,632	638,622	
Total borrowings and other liabilities	<u>1,914,269</u>	<u>2,688,554</u>	<u>3,412,692</u>	
Members' equity				
Shares and certificates	7,922,997	10,336,998	10,113,991	
Membership capital shares	486,066	486,767	485,255	
Paid-in capital shares	79,440	79,440	79,440	
Statutory reserves and undivided earnings	300,396	317,779	319,962	
Total capital	<u>865,902</u>	<u>883,986</u>	<u>884,657</u>	C
Accumulated other comprehensive loss	(1,936,049)	(295,242)	(363,647)	D
Total members' equity	<u>6,852,850</u>	<u>10,925,742</u>	<u>10,635,001</u>	
Total liabilities and members' equity	<u>\$ 8,767,119</u>	<u>\$ 13,614,296</u>	<u>\$ 14,047,693</u>	

Notes:

- A** Members United classifies 100% of its marketable securities as "Available for Sale" under FAS 115 and is required to value each security and record the adjustment as "Accumulated other comprehensive loss". See note **D** below.
- B** Recently, legislation was passed that raised the CLF cap from \$1.5 billion to over \$41.0 billion. Credit unions can access the CLF by taking a 90-day loan from the corporate which will match this transaction one-for-one with a borrowing directly from the CLF. This liquidity option will help ensure that our members can continue to meet the loan demands in their respective fields of membership.
- C** The balance sheet has been reformatted to better highlight capital. Please note that membership capital shares have a 3-year notice of withdrawal and paid-in capital shares have a maturity in excess of 10 years. Due to the longer term maturity features of these accounts, they do not qualify as equity under generally accepted accounting principles but do qualify as capital and would be positioned to absorb realized losses in excess of reserves and undivided earnings.
- D** This account primarily represents the unrealized loss associated with Members United's marketable securities. 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, 2008
(in thousands)

	Month Ended November 30,		Year-to-Date November 30,		Notes
	2008	2007	2008	2007	
Interest income					
Investments	\$ 23,377	\$ 50,521	\$ 373,320	\$ 541,071	
Loans	4,041	2,945	39,054	25,630	
Total interest income	27,418	53,466	412,374	566,701	
Interest expense					
Members' accounts	15,212	39,585	298,190	485,974	
Borrowings	5,091	9,138	56,105	36,343	
Total interest expense	20,303	48,723	354,295	522,317	
Net interest income	7,115	4,743	58,079	44,384	
Noninterest income					
Service fee income, net	1,920	1,672	19,612	18,743	
Other income	49	7	364	171	
Total noninterest income	1,969	1,679	19,976	18,914	
Noninterest expense					
Salaries and employee benefits	4,082	2,537	30,602	27,276	
Training, travel and communications	498	562	5,250	4,926	
Office operations	396	416	3,918	4,286	
Professional and outside services	445	408	4,922	4,233	
Office occupancy	208	272	3,914	3,029	
Other	121	148	1,328	1,248	
Total noninterest expense	5,750	4,343	49,934	44,998	
Net income before loss on financial instruments	3,334	2,079	28,121	18,300	
Net loss on financial instruments	85	(1,547)	(48,275)	(5,079)	A
Net income (loss)	\$ 3,419	\$ 532	\$ (20,154)	\$ 13,221	

Notes

- A The income statement has been reformatted 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
NOVEMBER 30, 2008
(in thousands)

Capital Ratios

	November 30,		December 31,	Regulatory Limits or Thresholds
	2008	2007	2007	
Qualifying membership capital shares	\$ 486,066	\$ 486,767	\$ 485,255	
Paid-in capital shares	79,440	79,440	79,440	
Statutory reserves and undivided earnings	300,396	317,779	319,962	
Total capital	<u>\$ 865,902</u>	<u>\$ 883,986</u>	<u>\$ 884,657</u>	
12-month daily average net assets	\$ 11,950,268	\$ 11,605,091	\$ 11,926,799	
Capital ratio	7.25%	7.62%	7.42%	5.00%
Core capital ratio	3.18%	3.42%	3.35%	3.00%
Retained earnings ratio	2.51%	2.74%	2.68%	2.00%

Net Economic Value
November 30, 2008

	Net Economic Value	Dollar Change	Actual Percentage Change	Policy
300 basis point rise in rates	\$ (1,298,689)	\$ (188,818)	A	(28%)
Base net economic value	(1,109,871)			
100 basis point decline in rates	N/A	N/A	N/A	

- A** Unrealized losses associated with marketable securities decrease the base net economic value which has resulted in percentage change calculations exceeding the policy limit. It is likely that this will continue to occur until the market stabilizes. Members United has notified the NCUA of the policy violation 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+	CreditWatch negative
Fitch	Short term	F1	negative watch
	Long term	A+	negative watch
	Individual	B	negative watch

Supplemental Valuation Information

	Balance
Non-agency mortgages	\$ (1,463,313)
Asset-backed securities	(93,919)
Commercial mortgage-backed securities	(257,328)
Corporates	(86,176)
Agencies	(3,094)
Derivative instruments	(32,219)
Accumulated other comprehensive loss	<u>\$ (1,936,049)</u>