



# Consolidated Financial Statements

*Unaudited*

August 31, 2006



Contact Information:

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**MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION**  
**CONSOLIDATED BALANCE SHEETS**  
**AUGUST 31, 2006**  
*(in thousands)*

	August 31,		December 31,
	2006	2005	2005
<b>Assets</b>			
Cash and cash equivalents	\$ 984,543	\$ 786,100	\$ 618,926
Securities available for sale, at fair value	4,340,018	3,689,578	3,419,168
Securities held-to-maturity	-	120,944	120,721
Interest earning deposits	3,358,841	3,332,828	4,045,153
Loans	667,068	770,849	723,517
Fixed assets, net	13,372	15,264	14,548
Accrued income and other assets	61,260	41,310	47,189
<b>Total assets</b>	<b>\$ 9,425,102</b>	<b>\$ 8,756,873</b>	<b>\$ 8,989,222</b>
<b>Liabilities and Members' Equity</b>			
Liabilities			
Members' accounts			
Shares and certificates	\$ 7,668,472	\$ 6,767,243	\$ 7,334,964
Membership capital shares	486,346	473,121	479,809
Paid-in capital shares	79,440	79,440	79,440
Total members' accounts	8,234,258	7,319,804	7,894,213
Borrowings and other liabilities			
U.S. Central borrowings	44,784	120,280	92,261
Commercial paper	489,549	689,678	589,197
Securities sold under agreements to repurchase	148,901	247,839	24,094
Deposits from affiliates and non-members	52,858	45,660	51,438
Other borrowings	82,030	7,645	10,144
Accrued dividends and other liabilities	80,547	41,478	44,684
Total borrowings and other liabilities	898,669	1,152,580	811,818
<b>Total liabilities</b>	<b>9,132,927</b>	<b>8,472,384</b>	<b>8,706,031</b>
Members' equity			
Statutory reserves and undivided earnings	293,586	287,014	288,644
Accumulated other comprehensive income (loss)	(1,411)	(2,525)	(5,453)
Total members' equity	292,175	284,489	283,191
<b>Total liabilities and members' equity</b>	<b>\$ 9,425,102</b>	<b>\$ 8,756,873</b>	<b>\$ 8,989,222</b>

**MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**AS OF AUGUST 31, 2006**  
*(in thousands)*

	<b>Month Ended</b>		<b>Year-to-Date</b>	
	<b>August 31,</b>		<b>August 31,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>Interest income</b>				
Investments	\$ 32,895	\$ 22,172	\$ 251,051	\$ 173,865
Loans	2,840	2,328	18,919	9,815
Total interest income	<u>35,735</u>	<u>24,500</u>	<u>269,970</u>	<u>183,680</u>
<b>Interest expense</b>				
Members' accounts	29,687	18,095	230,042	143,467
Borrowings	2,892	4,408	14,342	16,887
Total interest expense	<u>32,579</u>	<u>22,503</u>	<u>244,384</u>	<u>160,354</u>
Net interest income	3,156	1,997	25,586	23,326
<b>Noninterest income</b>				
Service fee income, net	1,659	1,605	14,672	12,945
Other income	6	665	360	1,391
Net realized gains (losses)	17	89	15	198
Total noninterest income	<u>1,682</u>	<u>2,359</u>	<u>15,047</u>	<u>14,534</u>
<b>Noninterest expense</b>				
Salaries and employee benefits	2,686	2,472	22,347	18,832
Office operations	513	406	3,256	3,615
Professional and outside services	447	218	2,969	2,074
Training, travel and communications	462	228	3,018	2,510
Office occupancy	251	495	2,920	3,553
Other	102	176	1,181	1,503
Total noninterest expense	<u>4,461</u>	<u>3,995</u>	<u>35,691</u>	<u>32,087</u>
<b>Net income</b>	<u>\$ 377</u>	<u>\$ 361</u>	<u>\$ 4,942</u>	<u>\$ 5,773</u>

**MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION**  
**KEY FINANCIAL INFORMATION**  
**AUGUST 31, 2006**  
*(in thousands)*

**Capital Ratios**

	<u>August 31,</u>		<u>December 31,</u>	<u>Regulatory Limits or Thresholds</u>
	2006	2005	2005	
Qualifying membership capital shares	\$ 475,994	\$ 467,808	\$ 475,941	
Paid-in capital shares	79,440	79,440	79,440	
Reserves and undivided earnings	293,586	287,014	288,644	
Total regulatory capital	<u>\$ 849,020</u>	<u>\$ 834,262</u>	<u>\$ 844,025</u>	
12-month daily average net assets	\$ 8,748,359	\$ 8,947,508	\$ 8,805,682	
Capital ratio	9.70%	9.32%	9.59%	5.00%
Core capital ratio	4.26%	4.10%	4.18%	3.00%
Retained earnings ratio	3.36%	3.21%	3.28%	2.00%

**Net Economic Value**  
**August 31, 2006**

	<u>Net Economic Value</u>	<u>Dollar Change</u>	<u>Actual Percentage Change</u>	<u>Policy and Regulatory Limits</u>
300 basis point rise in rates	\$ 788,772	\$ (50,951)	-6.1%	-28.0%
Base net economic value	839,723	-	-	-
300 basis point decline in rates	852,169	12,446	1.5%	

**Issuer Ratings**

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