



Consolidated Financial Statements

Unaudited

April 30, 2008



Contact Information:

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Chief Financial Officer

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May 15, 2008

To our members,

Members United's net income of \$7.3 million through April 30, 2008 compares favorably to the \$3.6 million earned during the first four months of 2007. Members United continues to enjoy a good margin environment as the spread between LIBOR (the rate earned on investments) and Fed Funds (the rate paid on member share accounts) continues to be higher than historical results.

Assets totaled \$13.1 billion as of April 30, 2008 compared to \$13.0 billion one year earlier. The current market has stressed the value of our investments, however, we continue to receive all scheduled principal and interest payments. Members United currently has five investments rated BBB- or lower (totaling \$51 million in principal) but believe that these bonds will continue to perform even though they have been downgraded.

The effects of the market stress are visible on the financial statements in the form of unrealized losses on the balance sheet. All of Members United's marketable securities are classified as "available for sale" which requires each position to be priced to market with the offsetting entry recorded as a component of equity. In practice, Members United generally holds its marketable securities until maturity and believes that the value of these investments will recover over time.

We are somewhat encouraged to report that April values did show signs of stabilizing as the unrealized losses leveled off and totaled \$880.9 million as of April 30, 2008 compared to \$876.2 million as of March 31, 2008. We continue to believe that these current market values do not represent the true economic value of these investments as a significant liquidity discount is being built into the pricing of the positions.

Future net income could suffer if investment principal losses were clearly expected. This would require us to record, through the income statement, permanent impairment charges (for example, losses would be recorded if Members United purchased a bond at \$100 and now clearly expects to receive only \$90 in principal over the life of the investment). As of the date of this report, Members United does not believe it will suffer principal losses and permanent impairment is not warranted. Continued deterioration in the market fundamentals could change this view in the future.

Respectfully submitted,

Todd M. Adams
Chief Financial Officer

MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION
CONSOLIDATED BALANCE SHEETS - (REGULATORY CAPITAL FORMAT)
APRIL 30, 2008
(in thousands)

	April 30,		December	Notes
	2008	2007	2007	
Assets				
Cash and cash equivalents	\$ 84,140	\$ 117,782	\$ 102,935	
Overnight deposits at U.S. Central	1,280,530	3,618,067	2,164,024	
Investment securities, at fair value	5,902,616	5,817,128	6,718,171	A
Interest earning deposits at U.S. Central	4,846,769	2,993,733	4,195,292	
Loans to members and affiliates	748,748	343,039	671,151	
Participation loans, net	87,800	51,861	55,338	
Fixed assets, net	11,186	12,273	11,544	
Accrued income and other assets	158,072	85,387	129,238	
Total assets	\$ 13,119,861	\$ 13,039,270	\$ 14,047,693	
Liabilities and Members' Equity				
Borrowings and other liabilities				
U.S. Central borrowings	\$ 777,377	\$ 41,422	\$ 1,637,876	
Commercial paper	124,600	96,548	146,076	
Securities sold under agreements to repurchase	567,006	-	949,507	
Other borrowings and liabilities	338,462	650,714	679,233	
Total borrowings and other liabilities	1,807,445	788,684	3,412,692	
Members Equity				
Shares and certificates	11,301,158	11,386,255	10,113,991	
Membership capital shares	484,894	484,426	485,255	
Paid-in capital shares	79,440	79,440	79,440	
Statutory reserves and undivided earnings	327,811	308,194	319,962	
Total regulatory capital	892,145	872,060	884,657	B
Accumulated other comprehensive income (loss)	(880,887)	(7,729)	(363,647)	C
Total members' equity	11,312,416	12,250,586	10,635,001	
Total liabilities and members' equity	\$ 13,119,861	\$ 13,039,270	\$ 14,047,693	

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 **C** below.
- B** The balance sheet has been reformatted to better highlight regulatory 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 principals but do qualify as regulatory capital and would be positioned to absorb realized losses in excess of reserves and undivided earnings.
- C** 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 APRIL 30, 2008
(in thousands)

	Month Ended		Year-to-Date		Notes
	April 30,		April 30,		
	2008	2007	2008	2007	
Interest income					
Investments	\$ 37,332	\$ 52,878	\$ 181,772	\$ 184,985	
Loans	2,889	1,658	12,085	7,555	
Total interest income	<u>40,221</u>	<u>54,536</u>	<u>193,857</u>	<u>192,540</u>	
Interest expense					
Members' accounts	31,808	49,299	145,844	172,580	
Borrowings	3,406	1,369	27,778	5,860	
Total interest expense	<u>35,214</u>	<u>50,668</u>	<u>173,622</u>	<u>178,440</u>	
Net interest income	5,007	3,868	20,235	14,100	
Noninterest income					
Service fee income, net	1,808	1,833	7,116	6,640	
Other income	8	33	20	61	
Net realized gains (losses)	(470)	(442)	(913)	(405)	A
Total noninterest income	<u>1,346</u>	<u>1,424</u>	<u>6,223</u>	<u>6,296</u>	
Noninterest expense					
Salaries and employee benefits	2,883	2,444	10,886	9,993	
Training, travel and communications	535	525	1,790	1,867	
Office operations	364	455	1,418	1,549	
Professional and outside services	381	491	1,620	1,692	
Office occupancy	251	242	1,034	1,133	
Other	239	102	688	527	
Total noninterest expense	<u>4,653</u>	<u>4,259</u>	<u>17,436</u>	<u>16,761</u>	
Net income before fair value adjustments	<u>1,700</u>	<u>1,033</u>	<u>9,022</u>	<u>3,635</u>	
Fair value adjustments	(111)	-	(1,762)	-	B
Net income	<u>\$ 1,589</u>	<u>\$ 1,033</u>	<u>\$ 7,260</u>	<u>\$ 3,635</u>	

Notes

- A** Gains and losses that have been realized (ie, the security has been sold and a cash gain or loss has been realized) will be reported in this line item. Fair value, impairment or other accounting adjustments that do not represent gains or losses on cash sales will be reported separately. See note **B** below.
- B** Accounting rules such as SFAS 115, SFAS 133 and SFAS 159 are increasingly requiring financial institutions to record at fair value assets, liabilities and derivatives and charge changes in unrealized gains or losses to the income statement. This account will report those fair value adjustments. In the event a position is sold at a cash gain or loss, the amount will be reclassified to the account described in Note **A** above.

MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION
KEY FINANCIAL INFORMATION
APRIL 30, 2008
(in thousands)

Capital Ratios

	April 30,		December 31,	Regulatory Limits or Thresholds
	2008	2007	2007	
Qualifying membership capital shares	\$ 484,894	\$ 484,426	\$ 485,255	
Paid-in capital shares	79,440	79,440	79,440	
Statutory reserves and undivided earnings	327,811	308,194	319,962	
Total regulatory capital	<u>\$ 892,145</u>	<u>\$ 872,060</u>	<u>\$ 884,657</u>	
12-month daily average net assets	\$ 12,960,668	\$ 9,866,152	\$ 11,926,799	
Capital ratio	6.88%	8.84%	7.42%	5.00%
Core capital ratio	3.14%	3.93%	3.35%	3.00%
Retained earnings ratio	2.53%	3.12%	2.68%	2.00%

Net Economic Value
April 30, 2008

	Net Economic Value	Dollar Change	Actual Percentage Change	Policy
300 basis point rise in rates	\$ (316,421)	\$ (316,992)	A	(28%)
Base net economic value	571	-	-	-
100 basis point decline in rates	43,392	42,821	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+
Fitch	Short term	F1+
	Long term	AA-
	Individual	A/B

Supplemental Valuation Information

	Balance
Asset backed securities	\$ (393,601)
Collateralized mortgage obligations	(446,159)
Corporate debt	(28,410)
Other financial instruments	(12,717)
Accumulated other comprehensive loss	<u>\$ (880,887)</u>