



Consolidated Financial Statements

Unaudited

February 29, 2008



Contact Information:

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Chief Financial Officer

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March 18, 2008

To our members,

Net income totaled \$1.7 million for the month of February 2008. In accordance with generally accepted accounting principles, Members United reports fair value adjustments each month on its income statement. We do not regard these adjustments as core earnings, but instead as accounting entries that may reverse over time. Without these adjustments, net income totaled \$2.7 million compared to \$1.2 million for the month ended February 28, 2007.

Net interest income was \$5.1 million for the month of February 2008 compared to \$3.7 million for the comparable period one year earlier. While the current market has adversely impacted the value of our investments, it has provided a favorable margin environment. A significant portion of our interest income is based on LIBOR rates while a significant portion of our dividend expense is targeted against Fed Funds rates. In a "normal" market, LIBOR rates would typically range seven to ten basis points higher than the Fed Funds rates. Since August of 2007 this spread has been much greater and has provided a favorable net interest margin environment from an earnings perspective.

Total assets were \$15.2 billion compared to \$11.2 billion one year earlier. Member shares and certificates accounted for \$3.1 billion of the increase and borrowings were higher by \$1.5 billion as Members United stored liquidity and tested its lines. Short term cash accounts on deposit with U.S. Central totaled \$3.6 billion as of February 29, 2008.

Accumulated other comprehensive (unrealized) loss increased to \$656.8 million. One hundred percent of the \$6.3 billion marketable securities portfolio is 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 holds most of its marketable securities until maturity and believes that these unrealized losses are temporary in nature due to unique market events that have reduced demand for these securities.

It should be noted that losses would be recorded through the income statement if such declines in value were determined to be other than temporary (for example cash flow projections clearly forecast that Members United would suffer principal losses by holding the positions). 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)
FEBRUARY 29, 2008
(in thousands)

	February 29,		December	Notes
	2008	2007	2007	
Assets				
Cash and cash equivalents	\$ 92,330	\$ 122,711	\$ 102,935	
Investment securities, at fair value	6,303,963	5,370,791	6,718,171	A
Interest earning deposits at U.S. Central	7,806,915	5,174,480	6,359,316	
Loans to members and affiliates	684,328	377,367	671,151	
Participation loans, net	60,236	52,675	55,338	
Fixed assets, net	11,359	12,648	11,544	
Accrued income and other assets	186,921	67,019	129,238	
Total assets	\$ 15,146,052	\$ 11,177,691	\$ 14,047,693	
Liabilities and Members' Equity				
Borrowings and other liabilities				
U.S. Central borrowings	\$ 737,368	\$ 49,465	\$ 1,637,876	
Commercial paper	-	89,661	146,076	
Securities sold under agreements to repurchase	848,393	-	949,507	
Other borrowings and liabilities	374,903	289,339	679,233	
Total borrowings and other liabilities	1,960,664	428,465	3,412,692	
Members Equity				
Shares and certificates	12,952,246	9,876,642	10,113,991	
Membership capital shares	485,541	485,249	485,255	
Paid-in capital shares	79,440	79,440	79,440	
Statutory reserves and undivided earnings	325,005	306,185	319,962	
Total regulatory capital	889,986	870,874	884,657	B
Accumulated other comprehensive income (loss)	(656,844)	1,710	(363,647)	C
Total members' equity	13,185,388	10,749,226	10,635,001	
Total liabilities and members' equity	\$ 15,146,052	\$ 11,177,691	\$ 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 FEBRUARY 29, 2008
(in thousands)

	Month Ended February 29,		Year-to-Date February 29,		Notes
	2008	2007	2008	2007	
Interest income					
Investments	\$ 46,215	\$ 40,386	\$ 99,688	\$ 79,942	
Loans	2,837	1,839	6,236	4,142	
Total interest income	<u>49,052</u>	<u>42,225</u>	<u>105,924</u>	<u>84,084</u>	
Interest expense					
Members' accounts	36,106	37,498	76,347	74,326	
Borrowings	7,877	1,061	19,778	3,168	
Total interest expense	<u>43,983</u>	<u>38,559</u>	<u>96,125</u>	<u>77,494</u>	
Net interest income	5,069	3,666	9,799	6,590	
Noninterest income					
Service fee income, net	1,886	1,495	3,449	3,202	
Other income	5	15	6	22	
Net realized gains (losses)	15	12	15	35	A
Total noninterest income	<u>1,906</u>	<u>1,522</u>	<u>3,470</u>	<u>3,259</u>	
Noninterest expense					
Salaries and employee benefits	2,611	2,374	5,282	5,087	
Training, travel and communications	390	386	745	738	
Office operations	334	403	667	754	
Professional and outside services	402	454	798	818	
Office occupancy	291	274	492	551	
Other	211	76	359	275	
Total noninterest expense	<u>4,239</u>	<u>3,967</u>	<u>8,343</u>	<u>8,223</u>	
Net income before fair value adjustments	<u>2,736</u>	<u>1,221</u>	<u>4,926</u>	<u>1,626</u>	
Fair value adjustments	<u>(1,060)</u>	<u>-</u>	<u>(471)</u>		B
Net income	<u>\$ 1,676</u>	<u>\$ 1,221</u>	<u>\$ 4,455</u>	<u>\$ 1,626</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
FEBRUARY 29, 2008
(in thousands)

Capital Ratios

	February 29,		December 31,	Regulatory Limits or Thresholds
	2008	2007	2007	
Qualifying membership capital shares	\$ 485,541	\$ 485,249	\$ 485,255	
Paid-in capital shares	79,440	79,440	79,440	
Statutory reserves and undivided earnings	325,005	306,185	319,962	
Total regulatory capital	<u>\$ 889,986</u>	<u>\$ 870,874</u>	<u>\$ 884,657</u>	
12-month daily average net assets	\$ 12,599,150	\$ 9,481,211	\$ 11,926,799	
Capital ratio	7.06%	9.19%	7.42%	5.00%
Core capital ratio	3.21%	4.07%	3.35%	3.00%
Retained earnings ratio	2.58%	3.23%	2.68%	2.00%

Net Economic Value

February 29, 2008

	Net Economic Value	Dollar Change	Actual Percentage Change	Policy
300 basis point rise in rates	\$ (9,766)	\$ (218,006)	-104.7%	-28.0%
Base net economic value	208,240	-	-	-
200 basis point decline in rates	278,452	70,212	33.7%	

Due to market volatility, Members United's net economic value change exceeded the policy limit as of February 29, 2008. 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	\$ (352,514)
Collateralized mortgage obligations	(269,780)
Corporate debt	(26,868)
Other financial instruments	(7,682)
Accumulated other comprehensive loss	<u>\$ (656,844)</u>