



Consolidated Financial Statements

Unaudited

March 31, 2008



Contact Information:

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Chief Financial Officer

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April 15, 2008

To our members,

On a year to date basis, net income totaled \$5.7 million through March 31, 2008 compared to \$2.6 million for the same period in 2007.

Net interest income was \$15.2 million for the first three months of 2008 compared to \$10.2 million for the same period one year earlier. While the current market has adversely impacted the value of our investments, it has provided a favorable margin environment.

Total assets were \$13.8 billion as of March 31, 2008 compared to \$13.3 billion one year earlier. Short term cash accounts on deposit with U.S. Central totaled \$2.6 billion as of period end and we have added an additional line this month to the balance sheet to disclose this separately.

Accumulated other comprehensive (unrealized) loss increased to \$876 million. Members United classifies its entire \$6.0 billion marketable securities portfolio 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 we currently believe the majority, if not all, of the 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, if cash flow projections clearly forecast that Members United would suffer principal losses).

Subsequent to the date of this report, a few positions were downgraded below investment grade. We continue to update our cash flow models with current market data to evaluate if these recent events change our view on the possibility of principal losses at some point in the future. As of the date of this report, Members United has not recorded any permanent impairments. Please refer to the recorded Financial Update webinar and our current Portfolio Update, available for download at our website (www.membersunited.org), for additional information.

Respectfully submitted,

Todd M. Adams
Chief Financial Officer

MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION
CONSOLIDATED BALANCE SHEETS - (REGULATORY CAPITAL FORMAT)
MARCH 31, 2008
(in thousands)

	March 31,		December	Notes
	2008	2007	2007	
Assets				
Cash and cash equivalents	\$ 122,620	\$ 91,236	\$ 102,935	
Overnight shares at U.S. Central	2,629,032	3,618,817	2,164,024	
Investment securities, at fair value	5,992,468	5,789,527	6,718,171	A
Interest earning deposits at U.S. Central	4,096,349	3,301,826	4,195,292	
Loans to members and affiliates	721,475	330,185	671,151	
Participation loans, net	64,322	51,821	55,338	
Fixed assets, net	11,221	12,475	11,544	
Accrued income and other assets	195,657	75,367	129,238	
Total assets	\$ 13,833,144	\$ 13,271,254	\$ 14,047,693	
Liabilities and Members' Equity				
Borrowings and other liabilities				
U.S. Central borrowings	\$ 141,624	\$ 41,708	\$ 1,637,876	
Commercial paper	-	89,595	146,076	
Securities sold under agreements to repurchase	618,605	-	949,507	
Other borrowings and liabilities	359,945	235,156	679,233	
Total borrowings and other liabilities	1,120,174	366,459	3,412,692	
Members Equity				
Shares and certificates	12,698,414	12,036,220	10,113,991	
Membership capital shares	485,054	484,837	485,255	
Paid-in capital shares	79,440	79,440	79,440	
Statutory reserves and undivided earnings	326,222	307,161	319,962	
Total regulatory capital	890,716	871,438	884,657	B
Accumulated other comprehensive income (loss)	(876,160)	(2,863)	(363,647)	C
Total members' equity	12,712,970	12,904,795	10,635,001	
Total liabilities and members' equity	\$ 13,833,144	\$ 13,271,254	\$ 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 MARCH 31, 2008
(in thousands)

	Month Ended March 31,		Year-to-Date March 31,		Notes
	2008	2007	2008	2007	
Interest income					
Investments	\$ 44,752	\$ 52,165	\$ 144,440	\$ 132,107	
Loans	2,959	1,755	9,195	5,897	
Total interest income	47,711	53,920	153,635	138,004	
Interest expense					
Members' accounts	37,688	48,955	114,035	123,281	
Borrowings	4,594	1,323	24,372	4,491	
Total interest expense	42,282	50,278	138,407	127,772	
Net interest income	5,429	3,642	15,228	10,232	
Noninterest income					
Service fee income, net	1,859	1,605	5,307	4,807	
Other income	6	6	13	28	
Net realized gains (losses)	(458)	2	(443)	37	A
Total noninterest income	1,407	1,613	4,877	4,872	
Noninterest expense					
Salaries and employee benefits	2,720	2,462	8,003	7,549	
Training, travel and communications	511	592	1,256	1,334	
Office operations	387	371	1,054	1,110	
Professional and outside services	441	364	1,239	1,193	
Office occupancy	290	340	782	891	
Other	91	150	449	425	
Total noninterest expense	4,440	4,279	12,783	12,502	
Net income before fair value adjustments	2,396	977	7,322	2,602	
Fair value adjustments	(1,179)	-	(1,651)	-	B
Net income	\$ 1,217	\$ 977	\$ 5,671	\$ 2,602	

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
MARCH 31, 2008
(in thousands)

Capital Ratios

	March 31,		December 31,	Regulatory Limits or Thresholds
	2008	2007	2007	
Qualifying membership capital shares	\$ 485,054	\$ 484,837	\$ 485,255	
Paid-in capital shares	79,440	79,440	79,440	
Statutory reserves and undivided earnings	326,222	307,161	319,962	
Total regulatory capital	<u>\$ 890,716</u>	<u>\$ 871,438</u>	<u>\$ 884,657</u>	
12-month daily average net assets	\$ 12,818,427	\$ 9,674,196	\$ 11,926,799	
Capital ratio	6.95%	9.01%	7.42%	5.00%
Core capital ratio	3.16%	4.00%	3.35%	3.00%
Retained earnings ratio	2.54%	3.18%	2.68%	2.00%

Net Economic Value
March 31, 2008

	Net Economic Value	Dollar Change	Actual Percentage Change	Policy
300 basis point rise in rates	\$ (278,813)	\$ (275,063)	(7335%)	(28%)
Base net economic value	(3,750)	-	-	-
100 basis point decline in rates	31,654	35,404	944%	

Due to market volatility, Members United's net economic value change exceeded the policy limit as of March 31, 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	\$ (397,961)
Collateralized mortgage obligations	(433,164)
Corporate debt	(33,262)
Other financial instruments	(11,773)
Accumulated other comprehensive loss	<u>\$ (876,160)</u>