



Portfolio Update and Financial Reports

Including an Update on Progress against the Expense Reduction Plan

As of 07/31/10 (unaudited)

The credit and liquidity crisis that began in July 2007 continues to strain global financial markets. Members United is committed to providing our member-owners information about these market events and the quality of our assets. We strive to provide objective and transparent financial information.

Economic Overview (as of August 16, 2010)

Economic indicators continue to show an anemic economic recovery. Job growth has been nearly non-existent and the change in private payrolls has been below expectations for three consecutive months. Even though the economy has transitioned from job destruction to job creation, the growth in jobs is still not enough to cover the increase in the total labor pool. This has caused the unemployment rate to remain at an uncomfortably high 9.5% through 2010. The Fed seems increasingly concerned about the risks of a double dip recession and recently announced additional quantitative easing to help spur the economy. They will no longer allow their mortgage backed security (“MBS”) holdings to rundown, but will rather reinvest the funds into 2-10 year Treasuries. This should keep longer term rates at or near historic lows and help to create mortgage refinancing opportunities for higher credit borrowers that still have positive equity in their homes (a much lower number than previous years and thus, potentially a somewhat muted refinance wave). The stock market has reacted negatively to the recent economic news and despite better than expected 2nd quarter earnings, started to price in a larger chance of a double dip recession. The S&P is down over 3% year-to-date and down over 4% since the Fed announcement on 8/10/10.

The recent revisions to GDP showed that the initial estimates were incorrect and consumer spending and the savings rate in fact acted as one would expect after a large negative shock to the economy. The savings rate was actually two percentage points higher (around 6%) than the initial readings and consumer spending much lower. We expect consumer spending to stay subdued in the near future as consumers continue to restructure their balance sheets with higher savings rates. The days of strong loan demand and easy consumer credit (especially tapping home equity lines) are a thing of the past. The world economy needs to wean itself off of its reliance on the seemingly insatiable U.S. consumer demand from the 1990's and 2000's. Many export economies will need to look inside their own borders to generate demand for their goods. There will likely be a transition period globally as new sources of demand are cultivated. Until that transition is complete, we anticipate below trend growth.

The battle between fiscal spending to help spur the economy and fiscal restraint to fight the deficit has been heating up. In July, Congress barely passed a measure to extend benefits to the unemployed. This was noteworthy since Congress has never failed to extend benefits when the unemployment rate was above 7.2%. The votes were mostly along party lines, with all but two Republicans voting against the extension. Republicans argue that the country can't afford to continue to pay for the benefits and that they create a disincentive for the unemployed to look for work. They will get another chance to state their case when the extension comes up for a vote again in November.

An even more heated battle is under way related to the impending expiration of the Bush tax cuts. Unless Congress acts, marginal tax rates will rise in early 2011 (see table below).

Current tax rates	10%	15%	25%	28%	33%	35%
Tax rates after lifting Bush tax cuts	15%	28%	31%	36%	39.6%	39.6%

President Obama and many Congressional democrats have indicated their desire to extend the Bush tax cuts for singles making less than \$200,000 and couples making less than \$250,000. Republicans argue that raising taxes for part of the population, especially small business owners, will create a drag on the economy and possibly push us into a double dip recession. Since small businesses are responsible for most of the country's hiring, Republicans assert that job creation will be negatively impacted as small business owners will choose to work less if the government takes a larger slice of their paycheck. The supply-siders, such as Arthur Laffer, contend that tax cuts can lead to greater government revenue since it will lead to higher economic growth. We believe that regardless of what happens to tax rates, the economy is likely to experience below trend growth for the near term.

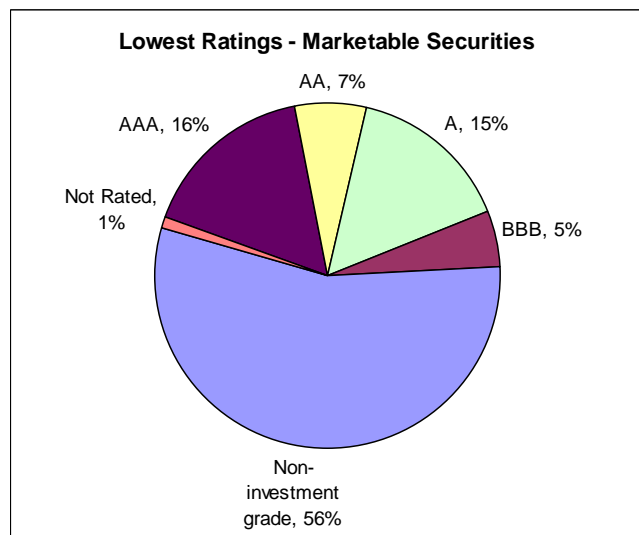
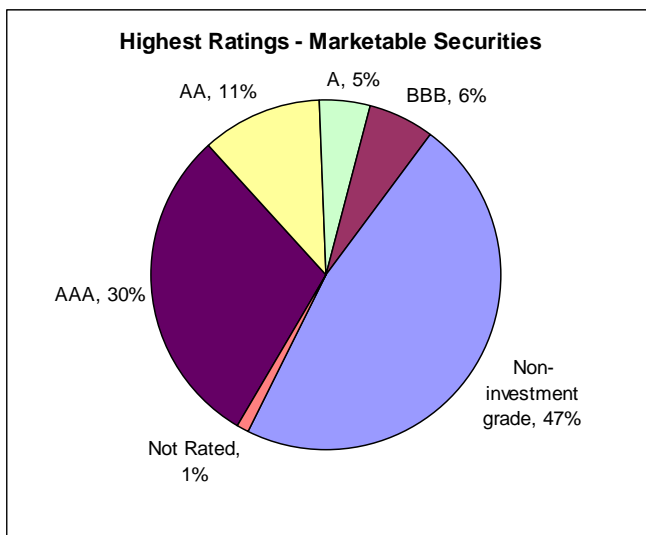
Members United Outlook

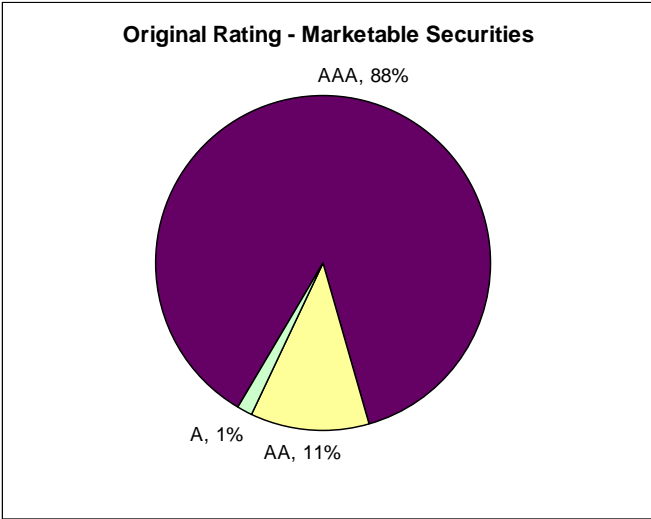
Interest rates declined since last month as the continued double-dip recession concerns and additional quantitative easing announcement by the Fed created a bid for US Treasuries. Short-term Libor rates fell as the European stress tests alleviated some of the concern related to European banks' solvency. Long-term rates shifted down about 40 basis points and the 10 year Treasury stands at almost 2.50%. Thirty year mortgage rates continued to fall and are now at 4.40%. The futures market is now pricing in the first rate hike in June/July of 2011. We continue our stance that the Fed stays on hold for 2010 and into 2011. The Fed is much more focused on risks posed from a further weakening of the economy rather than an economy that may overheat, which could eventually result in a higher expectation of inflation.

Portfolio Overview

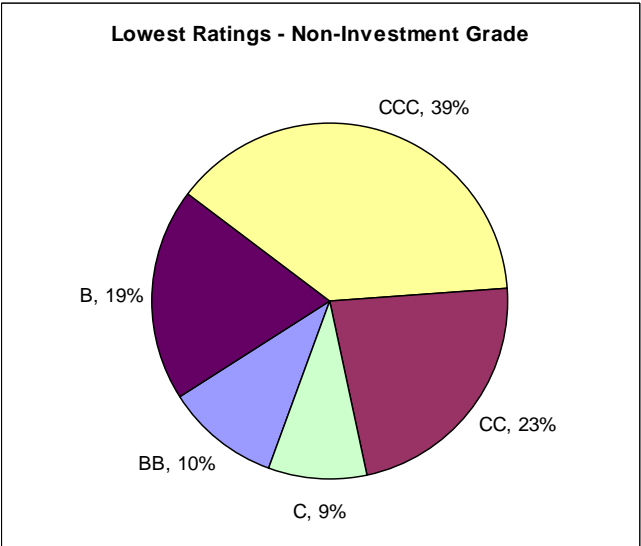
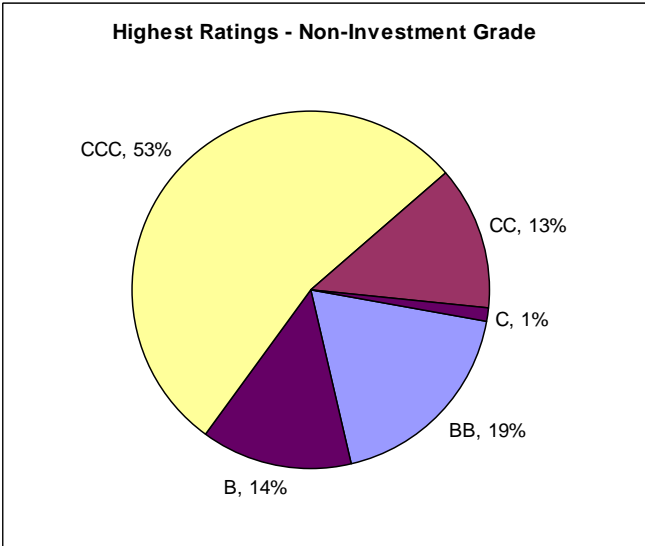
Credit risk is the risk that the par value of an investment will not be returned (fractionally or as a whole). Members United manages credit risk through continual monitoring and rigorous modeling of its investment securities. Members United has the regulatory authority to hold investment securities with a rating of BBB or higher. If an investment held by the corporate falls below BBB, an investment action plan must be prepared and filed with the NCUA, demonstrating the anticipated performance of the security and any potential loss exposure to future cash flows (periodic interest and principal payments). The ability to continue to hold investments below BBB are subject to the approval of the NCUA.

Members United presents three charts below. The first chart provides a ratings breakdown of Members United's current marketable securities holdings using the highest current rating available. The second chart provides the same breakdown using the lowest current rating available. The third chart shows a breakdown using the original rating assigned to the security. These charts summarize the portfolio ratings as of July 31, 2010 (total par value of approximately \$4.7 billion):



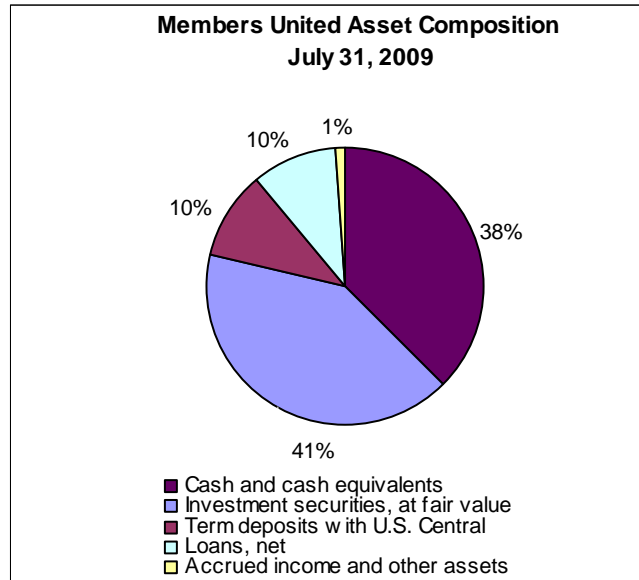
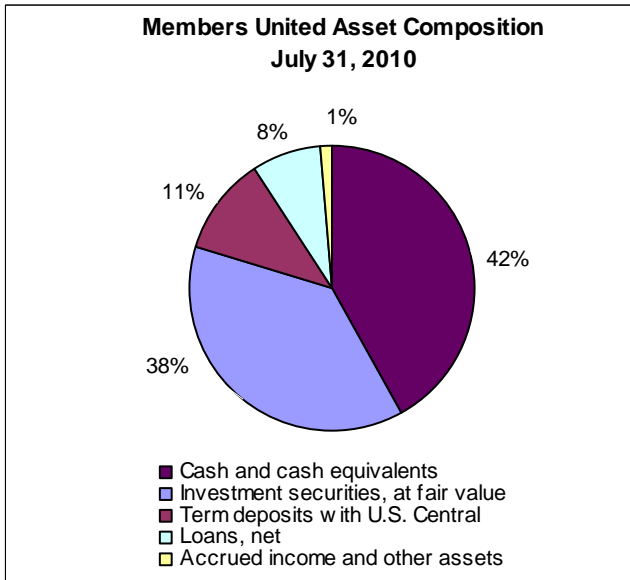


The following charts provide additional ratings information for the non-investment grade portion of the portfolio as of July 31, 2010 (total par value of approximately \$2.2 billion for the highest-rating scenario and \$2.4 billion for the lowest-rating scenario):



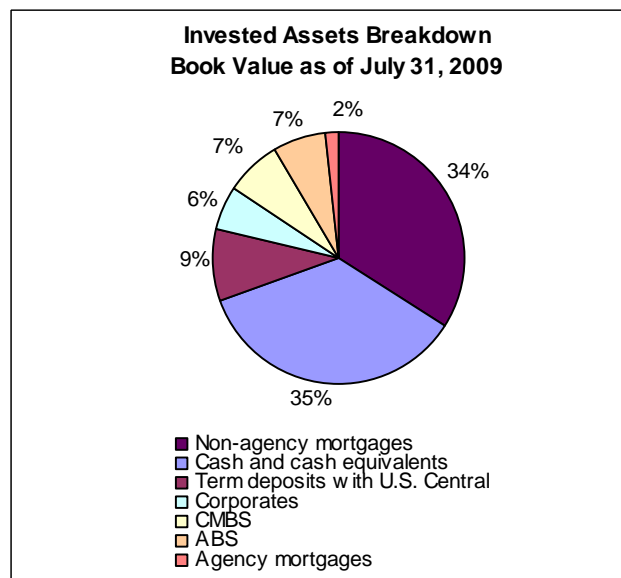
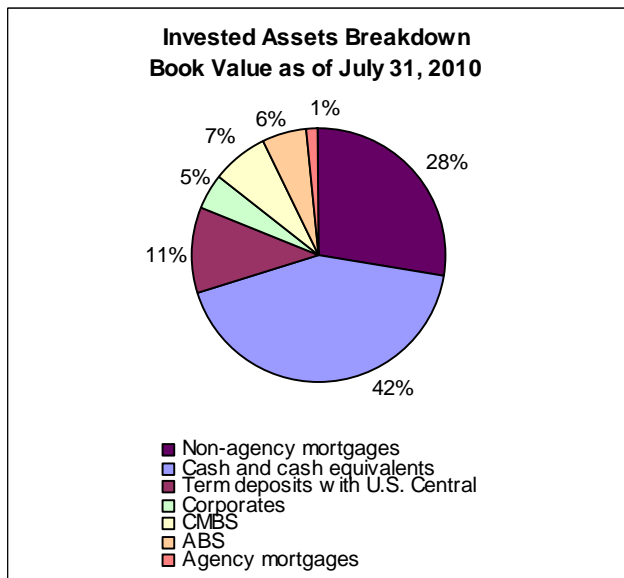
Asset Composition

As of July 31, 2010, the total fair value of assets was \$8.9 billion. Cash and cash equivalents and overnight deposits at U.S. Central totaled \$3.8 billion, fair value of marketable securities represented \$3.4 billion, loans to members totaled \$0.7 billion, term deposits at U.S. Central totaled approximately \$0.9 billion and accrued income and other assets totaled \$0.1 billion.



Invested Assets

Asset allocations based on book value within Members United's invested asset portfolio are shown below. Cash and cash equivalents have increased over the prior year to 42% of total investments



Total Investment Portfolio

The table below summarizes Members United's total available-for-sale (AFS) securities by category, as of July 31, 2010:

(All dollar amounts are reflected in thousands)

	Par Value	Book Value	Unrealized Loss*	Fair Value
Non-agency mortgages				
Prime	\$ 728,737	\$ 629,181	\$ (159,676)	\$ 469,505
Sub-prime	821,449	735,446	(207,812)	527,634
Alt-A	1,423,230	1,119,273	(352,721)	766,552
Asset-backed securities (secured by non-mortgage assets)	527,062	527,274	(28,995)	498,279
Commercial mortgage-backed securities	630,590	639,328	(90,424)	548,904
Corporates	448,877	408,807	1,038	409,845
Agencies (mortgage and SBA pass-throughs)	114,632	114,637	70	114,707
Mutual fund and other	39,010	32,165	-	32,165
Total investment securities	\$ 4,733,587	\$ 4,206,111	\$ (838,520)	\$ 3,367,591
*Excludes net unrealized loss on derivative instruments of \$44,747.				

Mortgage-Related Securities

While the pace of decline in home values appears to have declined, a record number of homes remain in some stage of foreclosure and have yet to be sold or liquidated. As a result, home values are at risk of seeing further declines, and residential mortgage-related investments could experience further deterioration in performance. The following table provides more information on Members United's non-agency mortgage-related holdings as of July 31, 2010:

(All dollar amounts are reflected in thousands.)

Mortgage Portfolio Category	Par Value	Book Value	Percent of Non-Agency, Mortgage-Related Securities (Par Value)	Percent of Total Invested Assets*
Total non-agency mortgage exposure	\$ 2,973,416	\$ 2,483,900	100%	28%
Prime	728,737	629,181	25%	7%
Sub-prime (FICOs < 680)	821,449	735,446	27%	8%
Alt-A	1,423,230	1,119,273	48%	13%

*Invested Assets = Book value of AFS securities + deposits at U.S. Central + cash and cash equivalents

Monoline Insurance Companies

One common method of providing credit enhancement for structured finance investments is the use of an insurance "wrap" from a monoline insurer, which guarantees the timely payment of interest and principal. Most monoline insurers continue to experience significant losses from guarantees they made on credit default swaps (CDS) and collateralized debt obligations (CDO) backed by residential mortgage securities. (Members United does not own any CDOs or hold any CDS contracts.) These losses continue to negatively affect monoline insurer capital ratios, leading to downgrades of their insurance financial strength ratings.

Residential mortgage-backed securities wrapped by Ambac, FGIC, Syncora Guarantee (SGI) and CIFG have been subjected to other-than-temporary impairment (OTTI). CIFG continues to pay claims, while Ambac and FGIC have temporarily ceased paying claims on their insured obligations per regulatory order. Syncora was also placed under a similar claims payment moratorium, but has recently resumed paying claims as a result of its successful restructuring. MBIA and FSA (now Assured Guaranty Municipal or AGM) remain unimpaired at

this time and continue to pay all claims in full as they become due per current contractual terms. See page 9 for additional information concerning Members United's exposure to monoline insurers.

Interest Rate Risk

Members United is exposed to some amount of interest rate risk, as changes in interest rates can affect net interest income and the value of our balance sheet. One common measure used to capture interest rate risk is net economic value (NEV), which measures the net change in the value of our assets, liabilities and off-balance sheet items, given a change in interest rates. Members United adheres to NCUA's Rules and Regulations Part 704 and analyzes NEV monthly using instantaneous and parallel interest rate shocks of up to 300 basis points – a very aggressive assumption designed to produce a “stress test” of the balance sheet. In addition, Members United also periodically evaluates the impact to NEV through changes to yield curve point values, prepayment rates, volatility, credit spreads and basis risk. The resulting market value data information and deviation to “base case” results are reviewed with Management and ALCO.

The chart below demonstrates NEV test results for July 2010. Base case NEV figures reflect the impact of unrealized losses, which we continue to believe are largely temporary. The most severe scenario of a 300 basis point, instantaneous rise in interest rates reflects a decline in NEV of approximately \$135.9 million – or 15.80%.

(All dollar amounts are reflected in thousands.)

Net Economic Value July 31, 2010			
	Net Economic Value	Dollar Change	Percentage Change
Base case net economic value	(859,926)	-	-
300 basis point rise in rates	(995,808)	(135,882)	(15.80%)

Valuations reflected in the base NEV calculation continue to be constrained due to market illiquidity and the failure of current market prices to capture true economic value, if the securities are held to maturity. Members United continues to monitor this dislocation in valuations through regular comparisons of internal option adjusted (OAS) spread-derived prices with prices received from third-party pricing services. Differentials between these two pricing approaches remain quite wide, as most asset-backed security (ABS) sectors remain thinly traded and quotes from market makers and third-party pricing sources continue to reflect deep discounts and a sizeable liquidity premium. We note that as market liquidity improves, this dislocation in market pricing gradually corrects itself.

In addition to NEV computations, Members United executes monthly net interest income (NII) forecasts under instantaneously shocked and ramped-rate scenarios. These are typically 12-month, forward-looking forecasts that are calibrated to the same sector volumes utilized in NEV modeling. Repricing characteristics are reviewed monthly and are adapted to current market conditions, as applicable, to ensure that the most robust assumptions are applied in the forecast simulations. The following table illustrates Members United's projected NII over the next 12 months. As is appropriate with NEV modeling, Members United captures the embedded options (prepayment speeds, “call” provisions, etc.) associated with all on- and off-balance sheet instruments.

(All dollar amounts are reflected in thousands.)

Net Interest Income Projection July 31, 2010 (12-month projection)			
	Net Interest Income	Dollar Change	Percentage Change
Base case net interest income	35,668	-	-
300 basis point rise in rates	56,434	20,766	58.22%

Liquidity Risk

Liquidity risk addresses the ability to create liquidity to fund cash flow requirements, both expected and unexpected, which usually result from share withdrawals and member loan requests. Liquidity risk is mitigated by the amount of currently available liquidity. This can be in the form of cash that can be immediately utilized or in readily available sources of liquidity such as borrowings. The following table outlines our sources of liquidity as of July 31, 2010:

(All dollars are reflected in thousands)

Current Liquidity			
Cash and short term deposits	\$ 882,447		
Source of Liquidity	Gross	Used	Net
FHLB Chicago line of credit	\$ 113,000	\$ 100,000	\$ 13,000
US Central - advised line	986,446	59,512	926,934
Available-for-sale securities - sales	1,377,009	-	1,377,009
Available-for-sale securities - borrowings	582,772	-	582,772
Fed funds	883,000	-	883,000
Subtotal	3,942,227	159,512	3,782,715
Total	\$ 4,824,674	\$ 159,512	\$ 4,665,162
Total member loans		\$ 705,849	
Balances at the FRB		\$ 2,870,807	

With \$3.8 billion of total cash and overnight deposits on-hand at month end, liquidity at Members United remains strong. Liquidity continues to follow seasonal liquidity trends with deposits falling post April 15th and through the summer months. Our strong liquidity is a factor of two key issues. First, natural person loan demand is weak and coupled with fairly robust deposit trends liquidity across the network is favorable. Second, the NCUA guarantee of corporate deposits have made credit unions comfortable in maintaining deposits at corporates as the credit, in effect, represents a full faith and credit government obligation. We expect core liquidity trends to remain strong through the remainder of the year.

Derivative Positions

Members United uses interest rate swaps to manage interest rate risk and has never used derivatives to hedge credit risk associated with a specific investment. For example, if Members United made a five-year, fixed-rate loan to a credit union, Members United would enter into an interest rate swap to convert the fixed rate to a variable rate. There can be a nominal amount of credit risk if the counterparty should fail to perform under the terms of the contract. Members United manages credit risk by using comprehensive credit-approval processes, selecting only creditworthy counterparties and using effective collateral administration. In addition, Members United requires legally enforceable netting arrangements, which permit netting of transactions with the same counterparty.

The amount of credit exposure is limited to the interest receivable and the fair market value of the derivative contracts in gain positions, reduced by the value of any collateral pledged by the counterparty. As of July 31, 2010, there was no credit exposure with our derivative counterparties.

Financial Plan Update

Members United continues to follow a financial plan that is designed with one goal in mind – to minimize the ultimate losses to our member credit unions by holding securities until they mature. While principal losses are expected, the losses would be greater if the securities were sold in the current market. In summary, Members United continues to:

- Participate in the Temporary Corporate Credit Union Share Guarantee Program (TCCUSGP)
- Continue suspension of mortgage investment purchases
- Hold securities until they recover in value
- Use cash inflows to pay down debt and store cash
- Reduce operating expenses to preserve capital

Members United remains focused on following this plan and is achieving the desired results. Cash balances totaled \$3.8 billion, external borrowings have been reduced and significant operating expense savings continue to be realized.

Financial Results for July 2010

Members United recorded a net loss of \$4.6 million for the month of July 2010 as it completed its OTTI investment review and recorded additional losses. As reported previously, the retained earnings balance of \$9.6 million as of June 30, 2010 was sufficient to absorb this monthly loss and no additional capital depletions were necessary. Regulatory capital, consisting of retained earnings and Membership Capital Shares totaled \$18.4 million as of July 31, 2010. The next OTTI investment review will be based on data as of September 30, 2010 and is scheduled to be completed and recorded in the financial statements as of October 31, 2010. The October results would then be reported to our membership in November and depletion, if required, would occur as of November 30, 2010.

Several items impacted retained earnings during the month of July. The following schedule is provided to summarize the individual items and is followed by explanatory notes.

Retained Earnings Rollforward for July 2010	
(\$'s in thousands)	
Retained earnings as of June 30, 2010	\$ 9,615
Replenish MCS	(1,166)
Additional OTTI	(8,046)
Back out additional OTTI attributable to Syncora bonds	522
Recoveries of prior OTTI on Syncora bonds	867
Higher net interest income due to suspension of Future Value OTTI accretion	668
Other core earnings	1,398
Preliminary retained earnings as of July 31, 2010	<u>\$ 3,858</u>

REPLENISH MCS – As previously reported, Members United uncovered a one-time formula error which overstated the OTTI arising from the previous review by \$1,166,216 (please see the previous Portfolio Update for additional details). While this error represents a small percentage of the OTTI recorded to date, we determined that the right course of action was to replenish member capital for this mistake on Friday, July 30.

From a calculation perspective, the benefits of this replenishment action were allocated equitably across the \$130,011,005 in Membership Capital Shares that were depleted on May 25, 2010. Therefore, each affected credit union received a replenishment entry that equates to 0.897% (\$1,166,216 divided by \$130,011,005 = 0.897%).

ADDITIONAL OTTI – See the section labeled “OTTI Summary Results – July 2010” below.

SYNCORA – During the month of July, Syncora announced that they would resume making claims payments on current claims and would also begin to fund prior claims. Therefore, Members United did not record any additional OTTI on Syncora wrapped bonds. It should be noted that the preliminary OTTI information did indicate a need to record \$522,000; however, new information from Syncora became available before the OTTI entry was posted and served as the basis for backing out this amount from the preliminary OTTI estimate.

In addition, Members United received a cash recovery on a Syncora wrapped bond when the actual funds received exceeded the remaining book value. Other Syncora bonds will have their net interest income yield adjusted higher going forward.

SUSPEND FUTURE VALUE OTTI ACCRETION – this favorable July variance is explained in the “Net Interest Income Adjustments” section below.

OTTI Summary Results – July 2010

Members United holds 464 separate investment positions totaling \$4.7 billion in par. OTTI of approximately \$610 million has been recorded on 169 of the positions totaling \$2.2 billion in par amount (25% on average).

No OTTI has been recorded on the remaining 295 positions that aggregate \$2.5 billion in par.

In the latest OTTI review, 35 securities required OTTI with only 6 positions requiring an adjustment greater than \$1 million.

The remaining 134 positions are showing improvements in OTTI projections due to many factors. In aggregate, recorded OTTI exceeds the current projections determined by the Clayton/ADCO process by approximately \$90 million (15% of the total OTTI figure of \$610 million).

There are many reasons that recorded OTTI may exceed updated projections. For instance, Members United began using 2 data sources (Clayton and ADCO) in December 2009. OTTI that had been previously recorded based on Clayton is now compared to ADCO projections which show lower losses. Other reasons for improvements are that in some cases bonds are paying off faster than expected, some servicers appear to be more effective and individual loan performance is better than originally expected (some borrowers continue to pay off their debts regardless of home value declines).

Net Interest Income Adjustments

Members United now expects to realize favorable net interest income relative to budget for the remainder of 2010 due to the improving OTTI loss projections.

BACKGROUND - Investment accounting is becoming increasingly complex and financial institutions are struggling to find systems and processes to track OTTI accounting. With the improved loss projections noted in the latest OTTI review, there are now competing factors that influence net interest income calculations. These factors now offset.

FACTOR 1 - Please recall that future value of credit losses is going to be higher than the net present value of credit losses that serves as the basis for the OTTI accounting entries. The difference between the future value and net present value has the effect of reducing net interest income as time passes. In total, the future value of credit losses is estimated to be \$57 million higher than the net present value of such credit losses. NII was being reduced by this amount until July 2010.

FACTOR 2 – Beginning in the month of July, Members United suspended FACTOR 1 which appears to be more than offset by improving loss projections. As referenced above, the latest OTTI projections show losses improving for the majority of our bonds (possibly \$90 million of improvement). Members United is required by GAAP to adjust net interest income higher to recover these loss projection improvements.

Members United is working on developing the processes and tools to account for both adjustments on a bond by bond level. In the interim, FACTOR 1 and FACTOR 2 largely offset, so NII is not being adjusted at a macro level. Members United expects to have the detail processes in place prior to the next OTTI review. At a high level, Members United is essentially assuming that the \$57 million worth of future value NII adjustments will at least be offset by the \$90 million in loss projection improvements.

Monoline Insurers

As stated earlier, Members United received good news during July when Syncora (SGI's) announced that they would resume making claims payments. Monoline insurers continue to represent an investment risk going forward but this development is positive.

This section provides additional information regarding Members United's exposure to monoline insurance providers. A portion of Members United's residential mortgage-related securities have insurance coverage to support the investment if underlying loan collateral performance deteriorates. The insurance is designed to provide principal and interest payments if the cash flows are not provided by the loan collateral itself. The coverage is provided by monoline insurance companies and is designed to further improve the credit quality of the specific investment owned by Members United.

The following table details the exposure to each monoline insurer at July 31, 2010. The net present value of the credit loss component of the OTTI calculation represents the difference between the "par" and the "amortized cost" columns.

(All dollar amounts are reflected in thousands)

Monoline Insurer	Amortized			# of Securities	# of OTTI Securities
	Par	Cost	OTTI		
Ambac	\$ 258,769	\$ 190,491	\$ 68,278	27	21
MBIA	296,344	296,344	-	15	-
FGIC	128,698	83,270	45,428	16	13
AGM	65,581	65,581	-	6	-
SIG	21,052	12,880	8,172	5	5
CIFG	7,681	3,227	4,454	1	1
Total	\$ 778,125	\$ 651,793	\$ 126,332	70	40

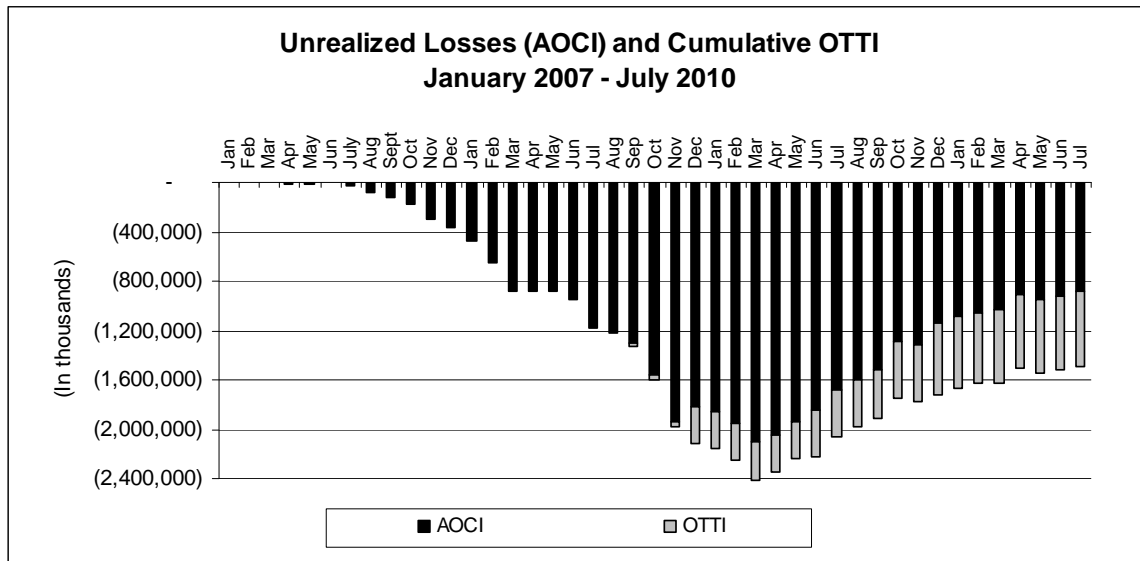
For purposes of estimating OTTI, Members United placed no reliance on the insurance provided by SGI, FGIC or CIFG as of December 31, 2009. Members United has placed partial reliance on the insurance provided by Ambac for purposes of estimating OTTI. Specifically, partial reliance in the amount of 25 percent has been placed on the insurance provided by Ambac for purposes of estimating OTTI.

Members United continues to place full reliance on AGM and MBIA in connection with the current OTTI review that is underway. No OTTI has been recorded for investments that are insured by AGM or MBIA. AGM continues to be rated AAA and MBIA is rated BB+ by Standard & Poor's. Both insurers are paying claims, as necessary, on a timely basis and management believes they will continue to pay claims in the future.

Valuation Trends

Investment values fell during the month of May 2010 when the stock market experienced its "flash crash". This event increased volatility expectations and, therefore, hurt values. Valuations stabilized during June 2010.

Please note that the following chart aggregates the current unrealized loss (AOCI) and all OTTI that has been recorded since September 2008. Aggregating this data improves comparability of this trend since OTTI essentially represents a reclass from the balance sheet (AOCI) to the income statement (OTTI) when losses are deemed other-than-temporary. In summary, these aggregated balances represented a loss of \$1.5 billion as of July 31, 2010 compared to \$2.4 billion as of March 31, 2009 (the low point in the chart).



Total Operating Expenses - Plan Update

Members United continues to realize significant cost savings relative to prior years. On a year-to-date basis, expenses are \$2.8 million less than the same period in 2009 and actuals are favorable compared to the budgeted levels.

From June 16, 2010 through July 15, 2010 (the applicable expense reporting period), the executive leadership team expense reports totaled \$5,067 (details are available upon request). The executive leadership team includes Joe Herbst, Todd Adams, Kevin Brauer, John Collins and Ron Koza.

Unaudited Financial Information as of July 31, 2010

A summarized balance sheet, income statement and capital ratios are provided below:

**MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION
CONSOLIDATED BALANCE SHEETS
JULY 31, 2010
UNAUDITED
(in thousands)**

	July 31,	
	2010	2009
Assets		
Cash and cash equivalents	\$ 2,888,538	\$ 2,952,493
Overnight deposits at U.S. Central	864,715	355,693
Investment securities, at fair value	3,367,591	3,615,325
Interest earning deposits at U.S. Central	986,446	885,268
Loans, net	705,849	891,447
Fixed assets, net	8,773	9,505
Accrued income and other assets	110,911	83,025
Total assets	\$ 8,932,823	\$ 8,792,756
Liabilities and Members' Deficit		
Borrowings and other liabilities		
U.S. Central borrowings	\$ 59,512	\$ 165,353
Federal Home Loan Bank	103,040	233,772
Other borrowings	83	50,266
Accrued expenses and other liabilities	106,680	98,900
Total borrowings and other liabilities	269,315	548,291
Shares and certificates	9,528,352	9,722,795
Total liabilities	9,797,667	10,271,086
Members' capital (deficit)		
Membership capital shares	14,565	475,260
Paid-in capital shares	-	79,440
Retained earnings (accumulated deficit)	3,858	(354,225)
Total capital	18,423	200,475
Accumulated other comprehensive loss	(883,267)	(1,678,805)
Total members' capital (deficit)	(864,844)	(1,478,330)
Total liabilities and members' capital (deficit)	\$ 8,932,823	\$ 8,792,756

MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION
CONSOLIDATED STATEMENTS OF INCOME
AS OF JULY 31, 2010
UNAUDITED
(in thousands)

	Month Ended		Year-to-Date	
	July 31,		July 31,	
	2010	2009	2010	2009
Interest income				
Investments	\$ 4,909	\$ 8,058	\$ 31,428	\$ 71,746
Loans	2,439	3,278	16,938	25,318
Total interest income	<u>7,348</u>	<u>11,336</u>	<u>48,366</u>	<u>97,064</u>
Interest expense				
Members' accounts	3,998	7,732	31,874	63,099
Borrowings	422	725	2,716	12,585
Total interest expense	<u>4,420</u>	<u>8,457</u>	<u>34,590</u>	<u>75,684</u>
Net interest income	<u>2,928</u>	<u>2,879</u>	<u>13,776</u>	<u>21,380</u>
Provision for loan losses	(137)	25	(251)	71
Net interest income after provision for loan losses	<u>2,791</u>	<u>2,904</u>	<u>13,525</u>	<u>21,451</u>
Noninterest income				
Service fee income, net	1,768	1,943	12,855	13,425
Other income	65	87	445	372
Total noninterest income	<u>1,833</u>	<u>2,030</u>	<u>13,300</u>	<u>13,797</u>
Noninterest expense				
Salaries and employee benefits	1,633	1,906	12,008	15,003
Training, travel and communications	113	139	941	1,688
Office operations	263	309	1,893	2,238
Professional and outside services	221	267	1,907	3,015
Office occupancy	199	153	1,381	1,578
Other	129	53	860	513
NCUSIF stabilization expense	136	-	952	(1,300)
Total noninterest expense	<u>2,694</u>	<u>2,827</u>	<u>19,942</u>	<u>22,735</u>
Core net income	<u>1,930</u>	<u>2,107</u>	<u>6,883</u>	<u>12,513</u>
Adjustments to core net income	<u>(6,521)</u>	<u>772</u>	<u>(18,046)</u>	<u>(82,154)</u>
Net (loss) income	<u>\$ (4,591)</u>	<u>\$ 2,879</u>	<u>\$ (11,163)</u>	<u>\$ (69,641)</u>

MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION
KEY FINANCIAL INFORMATION
JULY 31, 2010
UNAUDITED
(in thousands)

Capital Ratios

	July 31,		November 30,	Regulatory Limits or Thresholds
	2010	2009	2008	
Qualifying membership capital shares	\$ 14,565	\$ 475,260	\$ 486,066	
Paid-in capital shares	-	79,440	79,440	
Retained earnings (accumulated deficit)	3,858	(354,225)	300,396	
Total capital	<u>\$ 18,423</u>	<u>\$ 200,475</u>	<u>\$ 865,902</u>	
12-month daily average net assets	\$ 8,352,161	\$ 8,733,624	\$ 11,950,268	
Capital ratio	0.22%	2.30%	7.25%	5.00%
Core capital ratio	0.05%	-3.15%	3.18%	3.00%
Retained earnings ratio	0.05%	-4.06%	2.51%	2.00%

Summary

Members United appreciates your continued support and patience as we navigate through these turbulent financial markets. We remain committed to contributing to the long-term financial success of our members and will continue to work towards minimizing any losses incurred.

Contact Information

For questions related to any information contained in this update, please contact any of the following individuals:

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