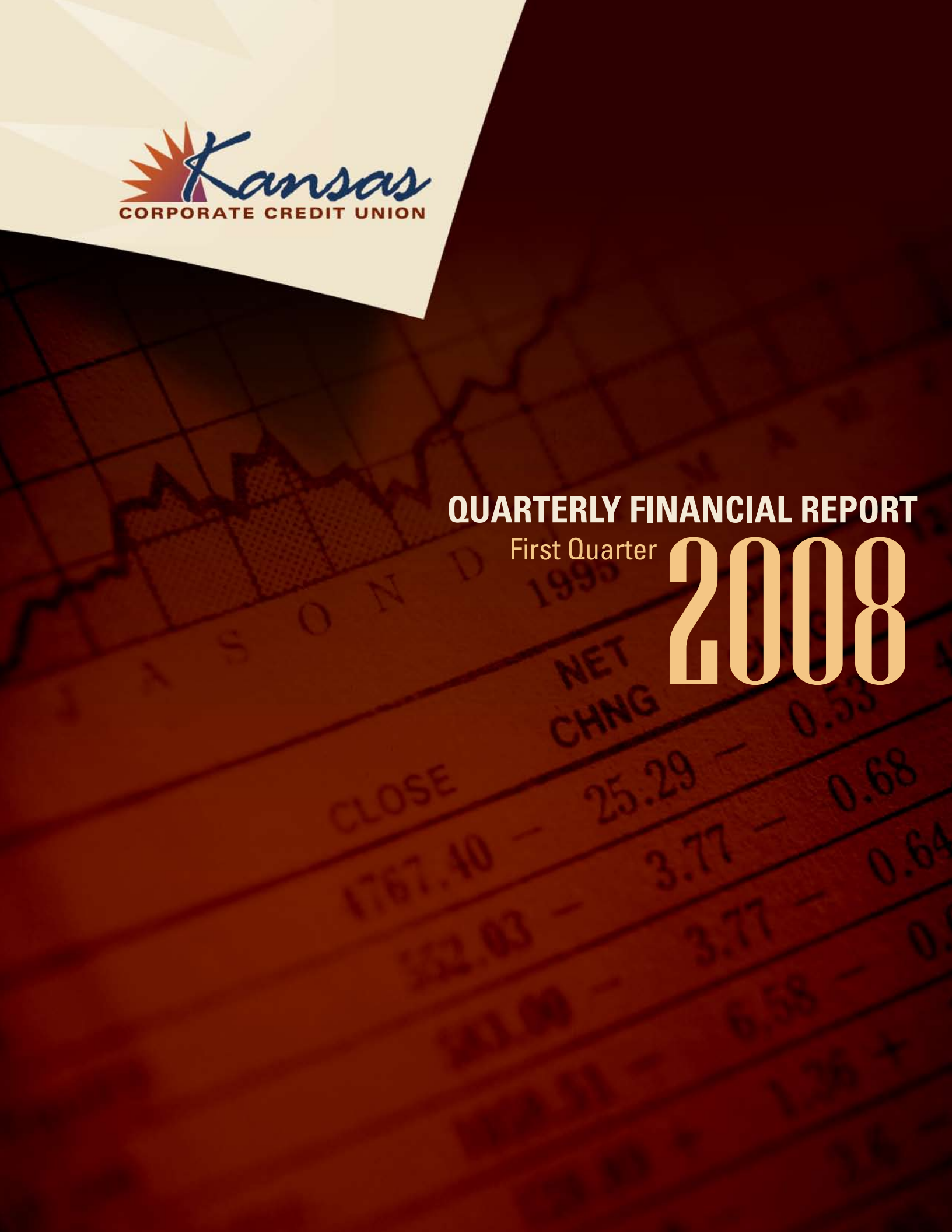




QUARTERLY FINANCIAL REPORT

First Quarter

2008



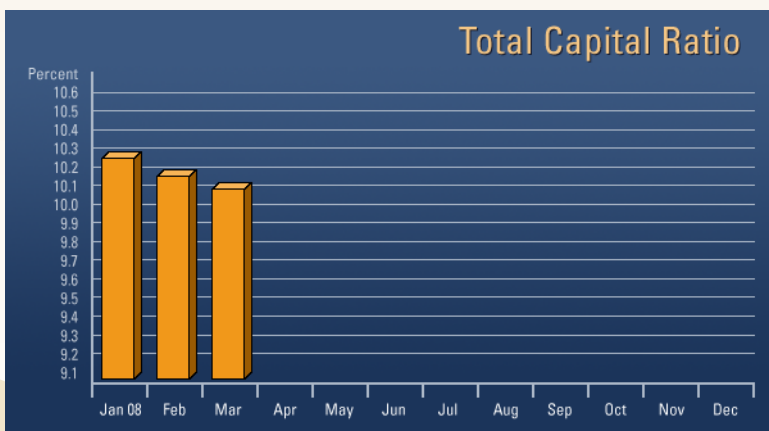
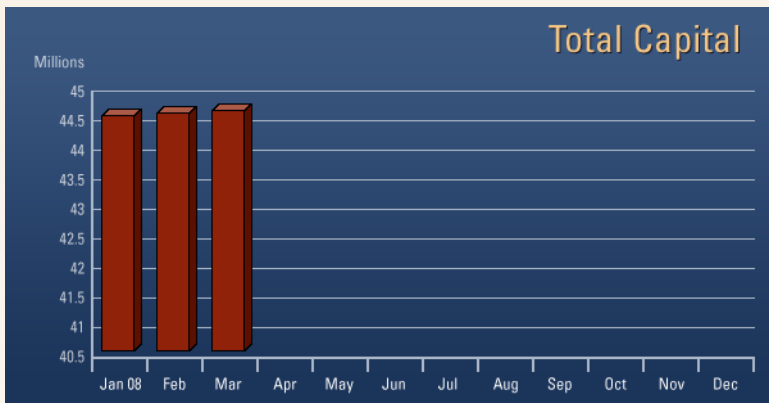
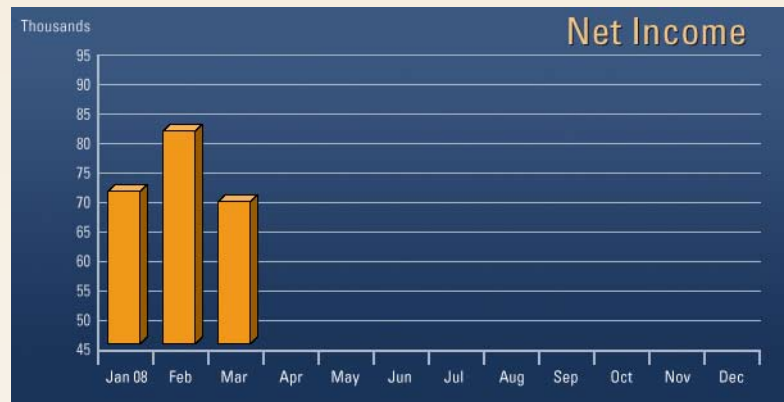
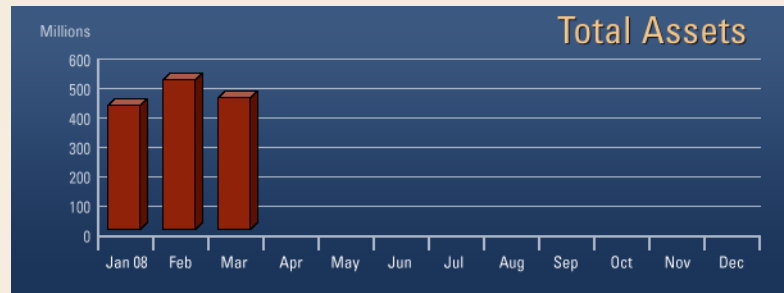
Quarterly Commentary

(January-March 2008)

The first three months of 2008 brought an increase in Kansas Corporate's Total Assets of \$44,211,826 to end the first quarter at \$472,350,440. Net Income also increased to \$225,783, a growth of \$93,096 over the previous quarter. Growth in other areas equated to an increase in Total Capital as well, with a March 31, 2008, total of \$44,794,655, representative of a Capital Ratio of 10.08%.

The chaos that once seemed limited to the housing and financial markets has begun to make its way into the broader economy. The Fed has continued to take counteractive actions to, in effect, rescue the economy, with 75 bps of easing at their March 18th meeting and a cumulative total of 300 bps in cuts since September 2007. But, even in March the Fed felt the "outlook for economic activity had weakened further." This does indeed seem to be the case with multiple contributing variables.

It appears the housing crisis and resulting financial market disarray has resulted in slower domestic demand, hurting corporate earnings and sparking a sharp increase in downsizing in some industries. The Employment Diffusion Index, which tracks the breadth of employment gains within market sectors, recently fell below 50 percent. This means more sectors are firing than hiring in the current environment. Payrolls have declined in each of the past three months



with a total of 232,000 jobs lost and a current unemployment rate of 5.1%. Unfortunately, the worst for the labor market may still lie ahead as layoffs tend to lag the general economy and may have just begun for this cycle.

Constant news coverage of the weakening economy and the weakening labor market, along with pressure from rising gasoline prices, once again at record levels, has taken a toll on consumer confidence. Confidence has been falling for a year or so and has now hit a 26-year low. Naturally, consumer spending has been impacted as well – inflation adjusted spending is at levels not seen since the last economic downturn. Consumers aren't the only ones feeling the brunt of these pains. The airline industry has also been significantly impacted, with four carriers filing bankruptcy in the last few weeks. The prospects seem somewhat dim for the American consumer as the massive amount of debt taken on over the last few years is beginning to catch up and access to credit has been shut off for many borrowers.

Still, with all the bad news that is the current economy, things haven't plummeted as far as many predicted. Exports continue to hold up reasonably well and credit markets appear relatively calm at the moment. The stock market has rallied in recent weeks and markets are somewhat optimistic that the downturn might be short-lived. In addition, the full extent of the Fed's monetary easing has yet to be felt throughout the economy. The rate cuts already made should continue to provide an additional boost to the economy for the next few months. Only time will tell what future rate cuts, forecasted for the next FOMC meeting, will do to help the economy further.

Quarterly Financial Data

Balance Sheet as of March 31, 2008 (in thousands)

ASSETS

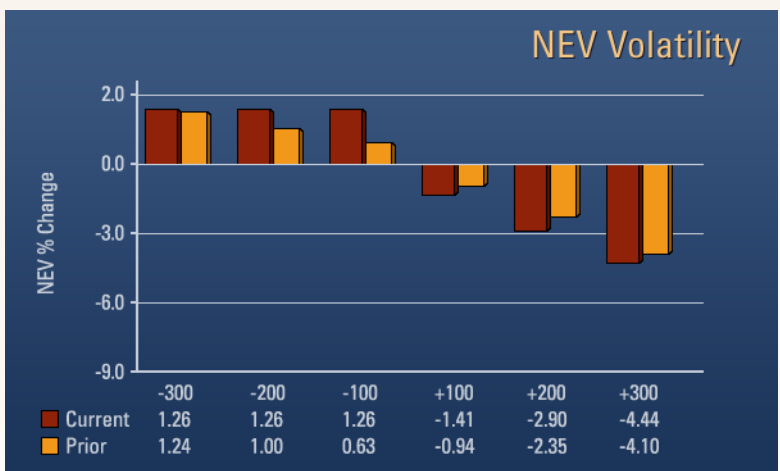
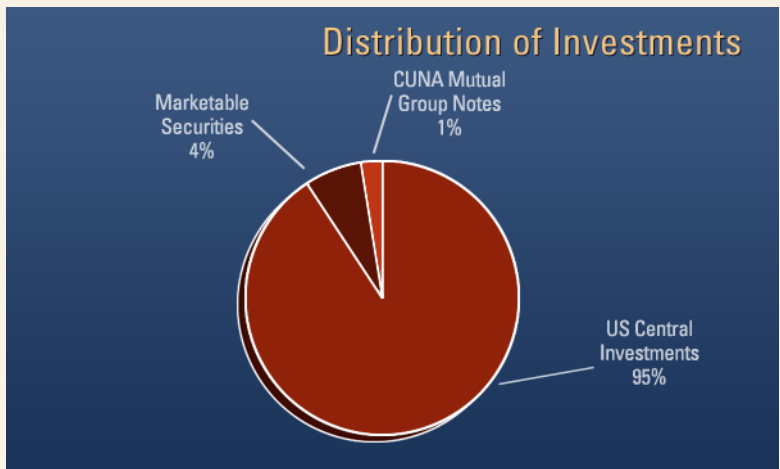
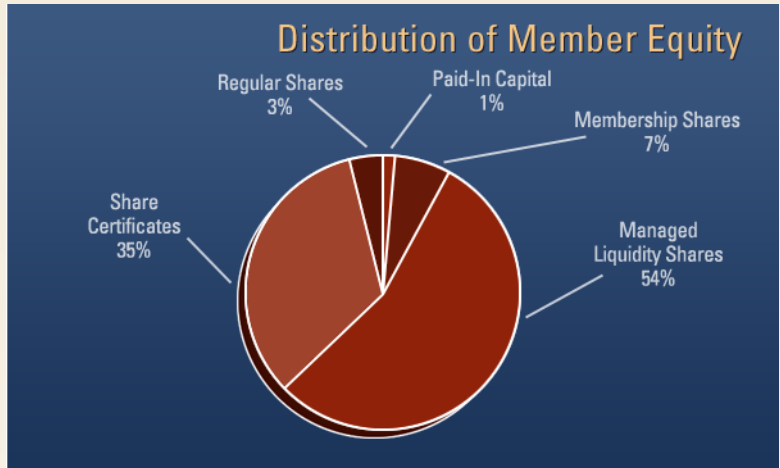
Cash	\$	541
Loans		48,837
Net Investments		419,428
Accrued Income		2,522
Other Assets		1,023
Total	\$	<u>472,351</u>

SHARES, LIABILITIES, & CAPITAL

Total Shares	\$	406,103
Total Loans		45,893
Total Other Liabilities		2,853
Member Capital		5,744
Paid In Capital		6,000
Retained Earnings		5,868
Other Comprehensive Earnings		(110)
Total	\$	<u>472,351</u>

Statement of Income (Year to Date) (in thousands)

Interest Income	\$	4,715
Dividend and Interest Expense		4,136
Net Interest Income		<u>579</u>
Non-Interest Income		437
Non-Interest Expense		729
Income from Operations		287
Total Gains/(Losses)		<u>0</u>
Net Income	\$	<u>287</u>
Paid In Capital Dividends		61
Earnings Transferred to Capital	\$	226



Product & Service Offerings

Correspondent Services

Kansas Corporate offers a comprehensive suite of correspondent services that not only allow you to serve your member needs today but tomorrow as well. ACH receipt and origination, currency and coin delivery, wire and western union transfers, and a complete international service package are but a few of the correspondent services available through Kansas Corporate.

Investment Solutions

Providing a full-menu of investment offerings is one of the critical initiatives Kansas Corporate practices to ensure members achieve their financial goals. Members can diversify their investment portfolio doing business with one partner, Kansas Corporate. Access the CD market through SimpliCD, the marketable security market with the Corporate Agent Program, as well as investment offerings available from Kansas Corporate including Term Certificates, Fixed Callable, Step-Up Certificates, and ACP Offerings. Security settlement and safekeeping is also available for member credit unions.

Liquidity Solutions

Kansas Corporate offers a variety of liquidity solutions to ensure meeting the varying liquidity needs of member credit unions. Members choose their funding method be it an overnight, term or asset-backed loan. Through our partner Charlie Mac, LLC, credit unions can sell jumbo and auto loans to the secondary market as well as provide private student loan financing through the CU Student H.E.L.P. program.

Technology Services

Kansas Corporate, through partnerships with industry experts, provides technology solutions beyond compare in today's market. Development of the Technology Services Group to aid member credit unions with technology initiatives has fostered growth for members statewide. Other services include web development, bill payment, voice and data solutions, and security assessments, for credit unions of all sizes, for credit unions of all needs.

For more information about Kansas Corporate and the services we provide, contact Circe Gleeson, Marketing Manager, or Sarah Holt, Business Development Representative, at 800.721.2677 | Ext. 106 or 122, respectively, or by email at circeg@kansascorporate.org or sarahh@kansascorporate.org.

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