

The background features a complex, abstract pattern of overlapping, curved lines in shades of light blue and purple. This pattern creates a strong sense of depth and movement, resembling a tunnel or a vortex that draws the viewer's eye towards the center. The overall effect is dynamic and modern.

KANSAS CORPORATE CREDIT UNION
2010 ANNUAL REPORT

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VOLUNTEER ROSTER

BOD

GARY COLGHER, CHAIRMAN
BILL HAUBER, VICE CHAIRMAN
MAHLON MCGALEB, SECRETARY/TREASURER
MARK KOLARIK
GLEN SCOTT
BOB THURMAN
WAYNE WARFEL

QUEST CREDIT UNION | TOPEKA, KS
FRONTIER COMMUNITY CREDIT UNION | LEAVENWORTH, KS
MERITRUST CREDIT UNION | WICHITA, KS
KANSAS TEACHERS COMMUNITY CREDIT UNION | PITTSBURG, KS
ENVISTA CREDIT UNION | TOPEKA, KS
CREDIT UNION OF AMERICA | WICHITA, KS
WICHITA FEDERAL CREDIT UNION | WICHITA, KS

ASSET/LIABILITY COMMITTEE

KENT GLEASON, CHAIR
MARK KOLARIK
GLEN SCOTT
LARRY EISENHAUER
BRADY MCLEOD
ALAN WEIKAL

KANSAS CORPORATE CREDIT UNION
KANSAS TEACHERS COMMUNITY CREDIT UNION
ENVISTA CREDIT UNION
KANSAS CORPORATE CREDIT UNION
KANSAS CORPORATE CREDIT UNION
KANSAS CORPORATE CREDIT UNION

CREDIT COMMITTEE

MARK BEZDEK, CHAIR
RICK BLUE
PAUL MEISSNER

QUEST CREDIT UNION | TOPEKA, KS
WHITE EAGLE CREDIT UNION | AUGUSTA, KS
CREDIT UNION OF AMERICA | WICHITA, KS

SUPERVISORY COMMITTEE

JACQUE GULLY, CHAIR
DAVID COLLINS
LARAIE KRAEMER

CENTRAL KANSAS CREDIT UNION | HUTCHINSON, KS
MAINSTREET CREDIT UNION | LENEXA, KS
K-STATE FEDERAL CREDIT UNION | MANHATTAN, KS

STAFF ROSTER

KANSAS CORPORATE CREDIT UNION

LARRY EISENHAUER, PRESIDENT & CEO	26 YEARS OF SERVICE
KENT GLEASON, EXECUTIVE VICE PRESIDENT	20 YEARS OF SERVICE
GIRGE CECIL GLEESON, MARKETING MANAGER	15 YEARS OF SERVICE
JOHN HAGEMAN, FINANCIAL ANALYST	1 YEAR OF SERVICE
TONYA JOHNSTON, OPERATIONS MANAGER	13 YEARS OF SERVICE
WENDY JOY, ACCOUNT SPECIALIST	9 YEARS OF SERVICE
BRADY MCLEOD, SENIOR FINANCIAL ANALYST	13 YEARS OF SERVICE
KIP POE, VICE PRESIDENT - INFORMATION & TECHNOLOGY	22 YEARS OF SERVICE
HEATHER SEILER, EXECUTIVE ASSISTANT	23 YEARS OF SERVICE
WALTER THOMPSON, FINANCIAL ANALYST	9 YEARS OF SERVICE
ALAN WEIKAL, CONTROLLER	14 YEARS OF SERVICE
ALILIA YERXA, ACCOUNT SPECIALIST	1 YEAR OF SERVICE

MEMSERVE, LLC

JUDY KAMPSULA, CARD SERVICES MANAGER	20 YEARS OF SERVICE
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MISSION

STRENGTHEN THE CREDIT UNION SYSTEM BY PROVIDING EXCEPTIONAL PRODUCTS AND SERVICE TO OUR MEMBERS.

VISION

THE STRATEGIC PARTNER OF CHOICE FOR CREDIT UNIONS.

STATEMENT OF VALUES

ACCOUNTABILITY

WE INSIST ON BUSINESS RELATIONSHIPS THAT PROMOTE ACCURACY AND RELIABILITY. WE VOW TO BE RESPONSIVE AND REACTIVE IN RESPECT TO YOUR NEEDS.

COMMITMENT

WE ARE COMMITTED TO THE CREDIT UNION SYSTEM, DETERMINED TO PROVIDE INNOVATIVE SOLUTIONS AND EXCEPTIONAL MEMBER SERVICE.

COOPERATION

WE PLEDGE TO LIVE AND BREATHE THE COOPERATIVE SPIRIT UNDER WHICH WE WERE CHARTERED.

ENTHUSIASM

WE STRIVE TO PROVIDE A CULTURE THAT EXHIBITS A WILLINGNESS AND EAGERNESS TO SERVE.

EXCELLENCE

WE PLEDGE TO EXCEED YOUR EXPECTATIONS BY PROVIDING TOTAL MEMBER SATISFACTION. TO CREATE THE DISTINCTION BETWEEN KANSAS CORPORATE AND OTHERS.

INITIATIVE

WE STRIVE TO ENVISION THE ANSWER TO QUESTIONS UNASKED. TO BE ENTREPRENEURIAL IN SPIRIT IN OUR EFFORTS TO CREATE PRODUCTS AND SERVICES TO MEET THE NEEDS OF CREDIT UNIONS.

INTEGRITY

WE VOW TO CONDUCT BUSINESS IN A PROFESSIONAL AND HONEST MANNER, WORTHY OF YOUR TRUST.

LEADERSHIP

WE STRIVE TO LEAD THE CREDIT UNION COMMUNITY IN THE DELIVERY OF FINANCIAL PRODUCTS AND SERVICES, THE ADVANCEMENT OF TECHNOLOGY AND NEW BUSINESS VENTURES.

RESPECT

WE VOW TO OPERATE IN AN ENVIRONMENT RESPECTFUL OF OURSELVES, OUR BUSINESS PARTNERS, AND ABOVE ALL ELSE, OUR MEMBER/OWNERS.

REPORT OF THE PRESIDENT & CHAIRMAN

2010 SAW THE IMPLEMENTATION OF THE NCUA LEGACY ASSET PLAN, THE RELEASE OF THE NEW CORPORATE RULE THAT, IN ITS ORIGINAL FORM, MAY HAVE CAUSED MANY CORPORATE CREDIT UNIONS TO EXIT THE FINANCIAL ARENA INCLUDING KANSAS CORPORATE, BUT AFTER CAREFUL CONSIDERATION OF CORPORATE AND NATURAL PERSON CREDIT UNION FEEDBACK, NCUA WILL SUPPORT CREDIT UNIONS IN THEIR RIGHT TO CHOOSE THEIR FINANCIAL PARTNER GOING FORWARD. THE YEAR, IF NOTHING ELSE, CONFIRMED THAT THE CREDIT UNION PIONEERS OF YESTERYEAR DID NOT WORK IN VAIN TO PROVIDE CREDIT UNIONS A FINANCIAL PARTNER THAT SHARES IN THEIR BELIEF SYSTEM. THEY UNDERSTOOD THE NEED FOR A CREDIT UNION NETWORK AND FROM ALL AVENUES; IT APPEARS YOU DO AS WELL.

MANY THINGS HAVE IMPROVED IN THE LAST YEAR AND NOT WANTING TO SPEAK OUT OF TURN, IT SEEMS THERE MAY BE LIGHT AT THE END OF THIS VERY LONG DARK TUNNEL WE'VE ALL BEEN TRAVELING. AT THIS TIME LAST YEAR, KANSAS CORPORATE WAS KNEE-DEEP IN THE DEVELOPMENT OF A NEW STRATEGIC PLAN AND DIRECTION WITH THE ULTIMATE GOAL OF PRESERVING THE ABILITY OF KANSAS CORPORATE TO CONTINUE COOPERATIVELY PROVIDING OUR PRODUCTS AND SERVICES TO CREDIT UNIONS. THIS PLAN EVOLVED AS NETWORK EVENTS SHAPED 2010 AND THE FINAL CORPORATE RULE WAS RELEASED. KNOWING FROM THE CONTINUED FEEDBACK OF OUR CREDIT UNION MEMBERS THAT YOU WANT YOUR CORPORATE TO SURVIVE WE TOOK THIS PLAN TO OUR BOARD, TO OUR MEMBERSHIP AND FINALLY TO OUR REGULATORY BODIES BEFORE YEAR-END 2010. A PLAN THAT DID NOT HAVE TO BE SUBMITTED UNTIL MARCH 31, 2011, RECEIVED FINAL APPROVAL FROM THE NATIONAL CREDIT UNION ASSOCIATION (NCUA) MARCH 2, 2011, TWO MONTHS AFTER RECEIVING APPROVAL FROM THE KANSAS DEPARTMENT OF CREDIT UNIONS (KDCU).

EMPHATIC THAT KANSAS CORPORATE INCREASE TRANSPARENCY AS EVENTS UNFOLDED, THE BOARD DIRECTED KANSAS CORPORATE MANAGEMENT TO STRENGTHEN OUR COMMUNICATION TOOLS IN 2010. AS SUCH, KANSAS CORPORATE HIT THE PAVEMENT, LITERALLY, TO HOST TOWN HALL MEETINGS ACROSS THE STATE, CREATED A NEW MONTHLY MEMBERSHIP REPORT TO PROVIDE MEMBERS FOLLOWING EACH BOARD MEETING TO KEEP MEMBERS APPRISED OF KCCU EVENTS, NETWORK HAPPENINGS, MILESTONES AND MARKERS, AND HOSTED WEBINARS AND IN-PERSON MEETINGS WITH CREDIT UNIONS AND THEIR VOLUNTEERS IN KS AND NE. AS CREDIT UNIONS BEGAN WORK TO PERFORM DUE DILIGENCE ON KCCU TO MAKE THEIR CASE THAT CHOOSING TO PARTNER WITH KANSAS CORPORATE WAS THEIR PATH, A MONTHLY FINANCIAL REPORT WAS CREATED AND IS HOUSED ONLINE THAT PROVIDES MONTHLY BALANCE SHEET AND INCOME STATEMENT REPORTS.

NOT ONLY DID WE WORK ON IMPROVING COMMUNICATION AND TRANSPARENCY IN 2010, WE WORKED HARD TO IMPROVE FINANCIAL MARKERS AS WELL. 2010 FINANCIAL ACCOMPLISHMENTS INCLUDE EXCEEDING OUR BUDGETED NET INCOME AND ENDING THE YEAR WITH NI OF \$417,623, INCREASING RETAINED EARNINGS TO \$728,793, AND IMPROVING OUR RETAINED EARNINGS RATIO TO 0.21% - NINTH HIGHEST IN THE CORPORATE NETWORK, AND OVER HALFWAY TO THE NEW CORPORATE RULE REQUIRED INTERIM RATIO OF 0.45% THAT MUST BE REACHED BY OCTOBER 2013, AS WELL AS HAVING AN ROA OF 12.2 BASIS POINTS. ROA IN THE LAST NINE MONTHS OF 2010 AVERAGED 13.8 BPS AFTER EXPENSE REDUCTIONS AND FEE SCHEDULE ADJUSTMENTS WERE ADOPTED. KCCU CONTINUES TO BE ONE

REPORT OF THE PRESIDENT & CHAIRMAN

OF ONLY TEN CORPORATE CREDIT UNIONS THAT PASS BOTH THE REQUIRED MINIMUM NEV RATIO AND THE MAXIMUM CHANGE REQUIREMENT IN THE +300 RATE SHOCK SCENARIO.

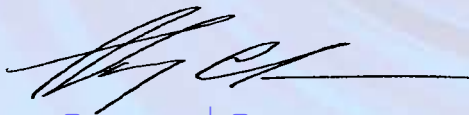
THE GREAT LOU HOLTZ IS QUOTED AS SAYING, “I THINK EVERYONE SHOULD EXPERIENCE DEFEAT AT LEAST ONCE DURING THEIR CAREER. YOU LEARN A LOT FROM IT.” WE ALL FELT THE HIT TO OUR CAPITAL IN 2009 AND YES, IT WAS NOTHING TO SCOFF AT, BUT IT IS TIME TO BRUSH OURSELVES OFF AND START FRESH. AS LOU SO POIGNANTLY POINTED OUT, THERE WAS A LOT TO LEARN SO AS WE START ANEW, WE SO DO WITH 59 YEARS OF EXPERIENCE AND KNOW-HOW IN OUR BACK POCKET AND THAT IS NOTHING TO SCOFF AT EITHER. AS THE LIGHT BECOMES BRIGHTER AND WE WORK TO EXIT THIS DREARY TUNNEL, WE WILL ALWAYS REMEMBER WITH A HEAVY HEART THE EVENTS THAT SHAPED OUR PAST AND BROUGHT US TO WHERE WE ARE TODAY.

THROUGHOUT OUR HISTORY, KANSAS HAS A PROVEN TRACK RECORD OF SEARCHING OUT INNOVATIVE AND COOPERATIVE RELATIONSHIPS THAT BETTER OUR CREDIT UNION MEMBERS AND IN TURN, THEIR MEMBERS. INNOVATIVE SOLUTIONS LIKE THE RECENTLY ANNOUNCED PARTNERSHIP WITH LENDINGTOOLS.COM, A COUPLING THAT ALLOWS US TO MARRY INDUSTRY EXCELLENCE TO STATE-OF-THE-ART SECURITY FOR OUR ONLINE SERVICES. COOPERATIVE RELATIONSHIPS LIKE THE RECENT PARTNERSHIP WITH TRI-CORP FCU TO USE OUR ISI REGISTERED REPRESENTATIVES TO SERVE THEIR CREDIT UNION MEMBERS, WHICH IS MUTUALLY BENEFICIAL FOR US, TRI-CORP, THEIR CREDIT UNIONS AND IN TURN, OUR OWN.

LOU HOLTZ HAS ANOTHER SAYING THAT WE AT KANSAS CORPORATE EMBRACE, “DO RIGHT. DO YOUR BEST. TREAT OTHERS AS YOU WANT TO BE TREATED.” THIS ISN’T JUST A QUOTE IT IS A PHILOSOPHY THAT SPEAKS TO OUR VERY CORE VALUES. A PHILOSOPHY THAT IS PARAMOUNT TO THE BUSINESS WE DO EVERYDAY FOR OUR MEMBERS. WE HAVE NOT WAVERED IN OUR COMMITMENT TO CREDIT UNIONS AND WE’RE NOT ABOUT TO START NOW. WE ARE FOREVER MINDFUL THAT OUR ACTIONS GREATLY IMPACT OUR MEMBERS AND AS SUCH WE WILL CONTINUE TO SERVE OUR CREDIT UNIONS GOING FORWARD AS WE HAVE THE PAST 59 YEARS...BY DOING WHAT’S RIGHT, BY DOING OUR BEST AND BY TREATING YOU AS WE WANT TO BE TREATED.

WE ARE PROUD YET HUMBLLED BY THE OUTSHOWING OF EMOTION AND SUPPORT WE HAVE RECEIVED AND CONTINUE TO RECEIVE FROM OUR CREDIT UNION MEMBERS. THANK YOU SEEMS INADEQUATE TO TRULY CONVEY OUR GENUINE APPRECIATION BUT WE THANK EACH AND EVERY ONE OF YOU, NEVERTHELESS.

RESPECTFULLY SUBMITTED,



GARY COLCHER | CHAIRMAN



LARRY EISENHAUER | PRESIDENT & CEO

REPORT OF THE ASSET/LIABILITY COMMITTEE

WITH THE KNOWLEDGE THAT TO SUCCESSFULLY MEET THE CAPITAL REQUIREMENTS OF THE NEW CORPORATE RULE, KANSAS CORPORATE HAS TO KEEP ASSETS IN CHECK, WE CONTINUED OUR STRATEGY IN 2010 OF USING OFF-BALANCE SHEET TOOLS TO MEET MEMBERS' INVESTMENT NEEDS AND REIGN IN ASSET GROWTH. ASSETS ENDED 2010 AT \$302,346,035, A DECREASE OF 11% OR \$37,237,748, FROM 2009. THE 2010 BUDGET REFLECTS THE LOWERING OF ASSETS AND DOING SO CONTINUES TO BE THE STRATEGY AND FOCUS OF THE BOARD AND THIS COMMITTEE.

SIMPLICD, OUR OFF-BALANCE SHEET PROGRAM THAT FACILITATES CREDIT UNION INVESTMENTS IN BANK AND S&L CDs, WAS USEFUL IN 2010 AND GROWTH WAS ONLY HINDERED BY THE LOW-INTEREST RATE ENVIRONMENT EXPERIENCED YET AGAIN. THE FEDERAL OPEN MARKET COMMITTEE HELD RATES TO THE UNBELIEVABLY LOW LEVELS OF 2009, 0.00% - 0.25%, THROUGHOUT ALL OF 2010. THE ECONOMIC GROWTH THEY ANTICIPATED BY DOING SO HAS YET TO REALLY MATERIALIZE AND AS THE FOMC STATED AT EVERY MEETING SINCE MARCH 2009, 'HIGH UNEMPLOYMENT, LOW INFLATION AND STABLE PRICE EXPECTATIONS ARE LIKELY TO WARRANT EXCEPTIONALLY LOW LEVELS OF THE FEDERAL FUNDS RATE FOR AN EXTENDED PERIOD'. AND ALTHOUGH THERE HAS BEEN SOME MINOR DISSENTION AMONG THE RANKS, THE RATE CONTINUES TO HOLD THE SAME POSITION.

YEAR-END 2010 SIMPLICD STATISTICS INCLUDE 98 CREDIT UNIONS WITH SIGNED SIMPLICD CONTRACTS, WITH 78 OF THOSE CREDIT UNIONS HOLDING OUTSTANDING INVESTMENTS TO THE TUNE OF \$175,600,000. SIMPLICD, ALTHOUGH TYPICALLY RELIED UPON TO PURCHASE INVESTMENTS, SERVED CREDIT UNIONS WELL IN THE ISSUING CAPACITY IN 2010. SEVERAL CREDIT UNIONS HAD GREAT SUCCESS ISSUING CERTIFICATES THROUGH SIMPLICD IN THE LATER HALF OF 2010 AND WE CONTINUE TO SEE GREAT OPPORTUNITY GOING FORWARD FOR CREDIT UNIONS IN NEED OF DEPOSITS.

YES, SIMPLICD DID PLAY A VITAL ROLE IN MEETING THE INVESTMENT NEEDS OF OUR MEMBER CREDIT UNIONS AND OUR STRATEGIC GOALS IN 2010, HOWEVER THE REAL STAR PLAYER OF THE YEAR WAS CU INVESTMENT SOLUTIONS, INC. OR ISI. ISI IS OUR PROGRAM THAT PROVIDES BROKERAGE SERVICES TO CREDIT UNIONS AND IS THE SAME PROGRAM THAT BROKE BACK-TO-BACK PERFORMANCE LEVELS IN BOTH 2009 AND 2010. BY MID-JUNE 2010, ISI ACTIVITY WAS GREATER THAN YEAR-END 2009 TOTALS. 2008 ISI TRADES TOTALED 70. 2009 ISI TRADES TOTALED 160. AND 2010 ISI TRADES TOTALED 414 WITH A PAR VALUE OF \$289 MILLION. 2010 ALSO SAW THE ADDITION OF A NEW ISI REGISTERED REPRESENTATIVE, JOHN HAGEMAN, THE NEWEST ASSET & INVESTMENT MANAGEMENT (AIM) EMPLOYEE, AS HE ACQUIRED HIS REQUIRED LICENSES BY DECEMBER 2010.

ISI WOULD ALSO SEE CONTINUED GROWTH IN A MORE COOPERATIVE VENTURE AS IN MID-YEAR 2010, KANSAS CORPORATE BEGAN DISCUSSIONS WITH ANOTHER CORPORATE CREDIT UNION AS TO THE CAPACITY OF OUR ISI REPRESENTATIVES TO SUPPORT THEIR MEMBER BROKERAGE NEEDS, AS THEY TOO HAD IDENTIFIED THE NEED TO MOVE INVESTMENTS OFF THEIR BALANCE SHEET BUT LACKED THE STAFF TO MAKE IT HAPPEN. EARLY IN 2010, THE AGREEMENTS WERE FINALIZED AND THE KCCU ISI REGISTERED REPRESENTATIVES NOW SERVE THE MEMBERS OF TRI-CORP FEDERAL CREDIT UNION IN MAINE, NEW HAMPSHIRE AND VERMONT ALONG WITH CREDIT UNIONS IN

REPORT OF THE ASSET/LIABILITY COMMITTEE

KANSAS AND NEBRASKA. FUTURE AGREEMENTS WITH OTHER CORPORATE CREDIT UNIONS ARE CURRENTLY BEING DISCUSSED AND MAY COME TO FRUITION IN THE NEAR FUTURE. KANSAS CORPORATE IS PLEASED THAT OUR PEERS SEE VALUE AND TRUST IN A COOPERATIVE RELATIONSHIP WITH OUR ISI REPRESENTATIVES.

AS YOU MAY RECALL, KANSAS CORPORATE ESTABLISHED MEMBERSHIP IN THE FEDERAL HOME LOAN BANK OF TOPEKA IN 2008 TO AUGMENT OUR OTHER SOURCES OF LIQUIDITY. AS SUCH, KCCU WAS REQUIRED TO RESTRUCTURE OUR INVESTMENT PORTFOLIO. THIS TREND CONTINUED THROUGHOUT 2009 AND 2010, RESULTING IN A FHLB LINE-OF-CREDIT OF \$76.5 MILLION AT YEAR-END 2010, WELL ABOVE THE 2009 RANGE OF \$45 - \$50 MILLION. THE CONTINUED EFFORT TO INCREASE THE FHLB LOC WAS DONE SO AS THE EXPECTED DECREASE OF ASSETS AT US CENTRAL WILL EVENTUALLY IMPACT OUR BORROWING ABILITY AT US CENTRAL. OTHER SOURCES OF LIQUIDITY INCLUDE A LOC WITH PACIFIC COAST BANKERS BANK THAT KCCU BEGAN TESTING IN 2010, A LINE WITH SUNTRUST BANK, THE TEMPORARY CORPORATE CREDIT UNION LIQUIDITY GUARANTEE PROGRAM, AND A CROSS CORPORATE AGREEMENT THAT BRING OUR TOTAL SOURCES OF LIQUIDITY TO OVER \$300 MILLION. AND ALTHOUGH WE CONTINUE TO SEARCH OUT NEW LIQUIDITY SOURCES TO FUND CREDIT UNION LENDING ACTIVITY, 2010 SAW DAILY LOAN BALANCES LITERALLY SHRIVEL UP. AS NOTED IN THE CREDIT COMMITTEE REPORT, THE AVERAGE DAILY LOAN BALANCE SHRUNK \$23.6 MILLION TO END 2010 AT \$8.3 MILLION.

AS YOU HAVE READ, THIS COMMITTEE MUST CONSIDER MANY FACTORS IN ACHIEVING THE CONTINUED FINANCIAL STRENGTH OF KANSAS CORPORATE. METICULOUS OVERSIGHT OF INVESTMENTS, LIQUIDITY, AND RISK MANAGEMENT HELP DETERMINE ASSET/LIABILITY MANAGEMENT POLICY CHANGES THAT KEEP US COMPLIANT WITH ALL REGULATORY REQUIREMENTS, A TASK THAT TAKES ON NEW MEANING IN 2011 WITH THE NEW CORPORATE RULE TAKING EFFECT. THE COMMITTEE MEETS MONTHLY TO MONITOR ECONOMIC CONDITIONS, INVESTMENT ACTIVITY, RATES ON INVESTMENT AND LOAN ACCOUNTS AS WELL AS TO TRACK DEPOSIT AND LIQUIDITY TRENDS WHICH COULD INEVITABLY LEAD TO FUTURE PRODUCT DEVELOPMENT. MEETING MONTHLY ALSO ALLOWS FOR TIMELY APPRAISAL OF KANSAS CORPORATE'S FINANCIAL POSITION AS WELL AS INVESTMENT STRATEGY, INTEREST RATE RISK POSITION, LIQUIDITY POSITION AND OUR PROGRESS IN MEETING COMMITTEE OBJECTIVES AND REGULATORY COMPLIANCE.

THIS COMMITTEE IS COMPRISED OF CREDIT UNION PROFESSIONALS WITH EXPERT LEVELS OF ASSET/LIABILITY MANAGEMENT AND THEIR INSIGHT AND EXPERIENCE ARE INCALCULABLE TO THE SUCCESS OF KANSAS CORPORATE. I THANK THEM FOR THEIR GUIDANCE AND YOU FOR YOUR TRUST.

RESPECTFULLY SUBMITTED,



KENT GLEASON | COMMITTEE CHAIR

REPORT OF THE TREASURER

AS 2009 WILL BE REMEMBERED AS THE YEAR OF CAPITAL DEPLETION, 2010 AND THE YEARS TO FOLLOW WILL BE SEEN AS THE YEARS OF CAPITAL BUILDING. NO ONE WANTS TO BE REMINDED OF THE DEBILITATING EVENTS OF 2009 BUT GEORGE SANTAYANA MAY HAVE SAID IT BEST WHEN HE SAID 'THOSE WHO CANNOT REMEMBER THE PAST ARE CONDEMNED TO REPEAT IT.' THE GREAT FINANCIAL STRIDES MADE BY KANSAS CORPORATE IN 2010 WERE DONE SO WITH A NOD TO THE PAST AND AN EYE TO THE FUTURE.

2009 SAW THE WRITE-OFF OF 100% OF OUR CAPITAL INVESTMENT AT US CENTRAL CREDIT UNION - \$20,033,410. A MOVE THAT ROCKED NOT ONLY OUR BALANCE SHEET, BUT THOSE OF OUR MEMBER CREDIT UNIONS WHEN NCUA REQUIRED KCCU TO COVER CAPITAL LOSSES THAT EXCEEDED RETAINED EARNINGS BY EXHAUSTING 100% OF OUR MEMBER PAID-IN CAPITAL ACCOUNTS AND 6.3% OF OUR MEMBERSHIP CAPITAL SHARES BALANCES. THESE MANDATES LEFT THE KCCU RETAINED EARNINGS RATIO AT 0.085% AND THE TOTAL CAPITAL RATIO AT 7.57% AT YEAR-END 2009.

2010 BROUGHT SIGNIFICANT GROWTH AS RETAINED EARNINGS INCREASED \$417,623 TO \$728,793, REPRESENTING A RETAINED EARNINGS RATIO OF 0.213%, AN INCREASE OF 0.128% FROM 12 MONTHS PRIOR, FALLING JUST SHY OF THE BUDGETED DECEMBER 2010 RATIO OF 0.218%. THE TOTAL CAPITAL RATIO INCREASED 0.38% IN 2010 TO CLOSE OUT THE YEAR AT 7.95%. PROJECTIONS GOING FORWARD PUT THE RETAINED EARNINGS RATIO AT 0.37% BY DECEMBER 2011, WHICH WOULD RESULT IN KCCU MEETING THE OCTOBER 2013 RETAINED EARNINGS REQUIREMENT OF 0.45% IN MID-2012, WELL AHEAD OF THE DEADLINE. BASED UPON THE LATEST CALL REPORT DATA, KCCU HAD THE 9TH HIGHEST RETAINED EARNINGS RATIO AND THE 3RD HIGHEST TOTAL CAPITAL RATIO OF ALL CORPORATE CREDIT UNIONS.

RETURN ON ASSETS (ROA) WAS 12.2 BASIS POINTS (BPS) IN 2010, JUST A HAIR OFF BUDGET OF 12.4 BPS. ROA AVERAGED 13.8 BPS DURING THE LAST 9 MONTHS OF THE YEAR AFTER EXPENSE REDUCTIONS AND A NEW FEE SCHEDULE WERE IMPLEMENTED.

FEE INCOME EXCEEDED BUDGET IN 2010 AND WAS OVER THE \$2M MARK FOR THE FIRST TIME EVER WHILE OPERATING EXPENSES WERE CONTAINED TO BELOW 2006 LEVELS. THIS COMBINATION RESULTED IN A COVERAGE RATIO (FEE INCOME/OPERATING EXPENSES) OF 77% FOR THE YEAR. FEE INCOME CONTINUES TO COVER A GREATER PERCENTAGE OF OPERATING EXPENSES EACH YEAR ALLOWING KANSAS CORPORATE TO NOT BE OVERLY RELIANT ON NET INTEREST INCOME. IN FACT, THE COVERAGE RATIO HAS INCREASED 20% IN THE LAST 5 YEARS.

TOTAL ASSETS ENDED 2010 DOWN 11% OR \$37,237,748 TO \$302,346,035. THE TEMPORARY CORPORATE CREDIT UNION SHARE GUARANTEE FUND (TCCUSGF) CREATED BY NCUA, CONSISTS OF A TEMPORARY GUARANTEE BY THE NCUSIF OF ALL SHARES (EXCLUDING PAID-IN-CAPITAL AND MEMBERSHIP CAPITAL ACCOUNTS) AT ALL CORPORATE CREDIT UNIONS, HAS A ROLLING 2-YEAR TERM AND CURRENTLY EXTENDS THROUGH DECEMBER 31, 2012. INVESTMENTS WITH MATURITIES OF TWO YEARS OR LESS IN PARTICIPATING CORPORATE CREDIT UNIONS MADE BEFORE JUNE 30, 2010, ARE FULLY COVERED BY THE GUARANTEE PROGRAM IN ADDITION TO THE EXISTING DEPOSITS ALREADY COVERED.

REPORT OF THE TREASURER

IN OCTOBER 2010, NAFCU, THE NATIONAL ASSOCIATION OF FEDERAL CREDIT UNIONS, RAN AN ARTICLE STATING KANSAS CORPORATE WAS ONE OF ONLY SIX CORPORATE CREDIT UNIONS THAT ALREADY SATISFY CAPITAL REQUIREMENTS SET BY THE NEW CORPORATE RULE. IN EARLY 2011, KANSAS CORPORATE RECEIVED FINAL APPROVAL FROM OUR REGULATORY BODIES, THE KANSAS DEPARTMENT OF CREDIT UNIONS (KDCU) AND THE NATIONAL CREDIT UNION ADMINISTRATION (NCUA) ON OUR STRATEGIC BUSINESS MODEL AFFIRMING OUR ABILITY TO MOVE FORWARD SERVING CREDIT UNIONS AS WE HAVE THE PAST 59 YEARS, PRUDENTLY. WE ARE FOREVER MINDFUL OF YOUR TRUST, HUMBLED BY YOUR CONTINUED PATRONAGE.

RESPECTFULLY SUBMITTED,



MAHLON MCGALEB
SECRETARY/TREASURER

REPORT OF THE CREDIT COMMITTEE

WHEN KANSAS CORPORATE WAS CHARTERED IN 1951, ONE OF THEIR CRITICAL CORE FUNCTIONS WAS TO SERVE AS THE PRIMARY LIQUIDITY PROVIDER FOR THEIR CREDIT UNION MEMBERS. FIFTY-NINE YEARS HAVE BROUGHT SIGNIFICANT CHANGE TO THE INDUSTRY AND YET, THIS FACT REMAINS UNCHANGED...CREDIT UNIONS STILL NEED THIS CRITICAL SERVICE AND KANSAS CORPORATE STILL MEETS THOSE NEEDS TODAY. THIS COMMITTEE WORKS THROUGHOUT THE YEAR TO MAINTAIN A CREDIT ANALYSIS SYSTEM THAT MEETS THESE CREDIT UNION NEEDS AS WELL AS OUR OWN WITHIN THE REQUIRED REGULATORY FRAMEWORK. THE COMMITTEE ALSO RECOMMENDS AND ENACTS LENDING POLICY AND PROCEDURAL REVISIONS KNOWING THAT AS THE INDUSTRY EVOLVES SO TOO MUST OUR VALUATION PROCESSES.

THE SIX MEETINGS IN 2010 INCLUDED MANY OF THE SAME EVENTS AS IN YEARS PAST...THE ANNUAL REVIEWS OF ALL OUTSTANDING ADVISED LINES-OF-CREDIT, THE SEMI-ANNUAL REVIEWS OF ALL ADVISED LINES OF CREDIT, THE CONTINUED EVALUATION AND MONITORING OF CREDIT UNION INVESTMENT, BORROWING, LIQUIDITY AND GROWTH TRENDS, HERE IN THE MIDWEST AND ACROSS THE NATION. IN 2009, TAKING NOTE OF THE CURRENT FINANCIAL ENVIRONMENT AND ITS IMPACT ON CREDIT UNION PERFORMANCE, THE COMMITTEE BEGAN AN EXPLORATION TO DETERMINE THE VALIDITY OF KEEPING OUR CREDITWORTHINESS CALCULATION STAGNATE WHEN CREDIT UNION FINANCIAL RESULTS WERE FALLING PREY TO MANY TUMULTUOUS FACTORS. THE COMMITTEE CONTINUED THEIR ANALYSIS THROUGH THE FIRST HALF OF 2010 AND IN JULY RECOMMENDED LENDING POLICY REVISIONS TO THE BOARD FOR APPROVAL THAT WOULD CHANGE THE CALCULATION METHODS THAT HAD BEEN IN PLACE SINCE THE EARLY '90s. IN ADDITION TO THE CREDITWORTHINESS CALCULATION REVISIONS, OTHER RECOMMENDED CHANGES TO THE POLICY ORIGINATED FROM THE LENDING INTERNAL AUDIT THAT WAS PERFORMED BY J. TENBRINK & ASSOCIATES IN JULY 2010. THE NEW CALCULATION PROCESS WAS APPROVED BY THE BOARD, ALONG WITH THE OTHER POLICY REVISIONS, AND SINCE SEPTEMBER 2010, CREDIT UNION CREDITWORTHINESS HAS BEEN CALCULATED UNDER THE NEW VALUATION PROCESS.

THE TRIED AND TRUE LIQUIDITY CYCLE OF DECADES PAST TOOK FLIGHT A FEW YEARS BACK AND HASN'T BEEN SEEN SINCE. WHETHER BECAUSE OF THE DEPOSIT GUARANTEE, AN INCREASE IN OVERALL LIQUIDITY, THE LOW INTEREST RATE ENVIRONMENT OR A COMBINATION OF ALL THESE FACTORS, THE TREND IS OVER...AT LEAST FOR NOW. WHILE AVERAGE OVERNIGHT DEPOSITS WERE RELATIVELY STABLE, BEGINNING THE YEAR AT \$237 MILLION AND CLOSING OUT 2010 AT \$243 MILLION, AVERAGE DAILY LOAN BALANCES WERE NOT. THE AVERAGE DAILY LOAN BALANCE AT YEAR-END 2009 WAS \$31.9 MILLION COMPARED TO THE 2010 YEAR-END AVERAGE BALANCE OF \$8.3 MILLION, AFTER REACHING A LOW OF \$3.1 MILLION IN APRIL 2010.

REGARDLESS OF THE LOW LIQUIDITY DEMAND IN 2010, CREDIT COMMITTEE ACTIVITY CONTINUED ON PAR TO ENSURE THAT WHEN DEMAND INCREASES, KANSAS CORPORATE IS PREPARED TO MEET THOSE NEEDS. AS THE ECONOMY RECOVERS AND CREDIT UNION MEMBERS REGAIN CONFIDENCE IN THEIR EMPLOYMENT AND THE ECONOMY, THEY WILL AGAIN TURN TO THEIR CREDIT UNION FOR THEIR LENDING NEEDS. MEASURES TAKEN NOW BY THE COMMITTEE HAVE BETTER POSITIONED KANSAS CORPORATE TO PROVIDE YOU THE LIQUIDITY SOLUTIONS FOR TOMORROWS MEMBER. WE APPRECIATE THE OPPORTUNITY TO HAVE SERVED YOU AND YOUR LIQUIDITY NEEDS AND LOOK FORWARD TO MEETING YOUR NEEDS GOING FORWARD.

RESPECTFULLY SUBMITTED,



MARK BEZDEK | COMMITTEE CHAIR

REPORT OF THE SUPERVISORY COMMITTEE

WITH THE 2009 AUDIT DELAYS AND UNCERTAINTIES IN THE REAR VIEW, THE COMMITTEE MADE HASTE IN 2010 ON THEIR CONTINUED PATH OF ENSURING THE KCCU BOARD OF DIRECTORS FULFILLS THEIR FIDUCIARY RESPONSIBILITIES IN REGARD TO KANSAS CORPORATE'S ACCOUNTING AND REPORTING PRACTICES. THROUGH CLOSE SCRUTINY AND DETAILED OVERSIGHT OF ALL INTERNAL AUDITS, RISK ASSESSMENTS, AND THE ANNUAL REGULATORY EXAM BY THE KANSAS DEPARTMENT OF CREDIT UNIONS (KDCU) AND THE NATIONAL CREDIT UNION ADMINISTRATION (NCUA), THIS COMMITTEE KEEPS OPEN THE LINES OF COMMUNICATION BETWEEN MANAGEMENT, VOLUNTEERS AND THESE REGULATORY BODIES TO FOSTER A RELATIONSHIP OF RESPECT AND INTEGRITY.

IN 2009, KANSAS CORPORATE SIGNED A 3-YEAR CONTRACT WITH ORTH, CHAKLER, MURNANE & COMPANY (OCM), TO PERFORM OUR ANNUAL FINANCIAL AUDIT. THIS CHANGE HELPED REDUCE AUDIT EXPENSE AND GARNERED NEW PERSPECTIVE IN REVIEW OF OUR FINANCIAL STATEMENTS. OCM IS A WELL RESPECTED AUDITOR OF BOTH CORPORATE CREDIT UNIONS AND NATURAL PERSON CREDIT UNIONS. UPON REVIEW OF THEIR FINDINGS IN 2010, THE COMMITTEE BELIEVES THE AUDITS AND EXAMINATIONS PROVIDE A REASONABLE BASIS TO CONCLUDE THE FINANCIAL STATEMENTS OF KANSAS CORPORATE, FOR THE YEAR ENDED DECEMBER 31, 2010, ARE FAIRLY PRESENTED AND KANSAS CORPORATE IS IN COMPLIANCE WITH ALL CREDIT UNION REGULATIONS.

FOLLOWING OUR 2009 3-YEAR INTERNAL AUDIT PLAN, KANSAS CORPORATE WAS SUBJECT TO AUDITS FOR THE FOLLOWING AREAS IN 2010: INVESTMENTS, BUSINESS CONTINUITY, LENDING, ACH, FUNDS TRANSFER, BANK SECRECY ACT/ANTI-MONEY LAUNDERING (BSA/AML), OFAC, ASSET/LIABILITY MANAGEMENT AND VAULT CASH. RISK ASSESSMENTS WERE ALSO PERFORMED IN THE FOLLOWING AREAS: INFORMATION TECHNOLOGY, PAYMENT SYSTEMS AND BSA/AML. COUNTLESS COMMITTEE HOURS ARE DEDICATED TO THE REVIEW OF THE INTERNAL AUDITS AND ASSESSMENTS; COUNTLESS EMPLOYEE HOURS ARE SPENT IN PREPARATION OF AND SUPPORT OF THESE OUTSIDE REVIEWS...ALL TO ENSURE KANSAS CORPORATE IS A SOUND, COMPLIANT, FINANCIAL PARTNER FOR OUR MEMBER CREDIT UNIONS.

COMMITTEE AND STAFF COLLABORATE FOLLOWING EACH AUDIT, ASSESSMENT AND THE ANNUAL EXAM IN SEARCH OF IMPROVEMENTS THAT WILL STRENGTHEN OUR OPERATIONS. OUR OPERATIONS AND PROCESSES ARE STRONG TODAY BECAUSE OF THE WORK DEDICATED THROUGHOUT OUR HISTORY AND THE WILLINGNESS OF STAFF TO OPENLY RECOGNIZE THE EFFICACY OF RECOMMENDATIONS FROM AUDITORS, EXAMINERS, AND THE EXPERIENCED MEMBERS OF THIS COMMITTEE. RECOMMENDATIONS THAT HAVE BROUGHT MEMBERS BACK UP APEX-ACH CONTINGENCY PROCESSING, SECURE EMAIL PROCESSING, AND MOST RECENTLY, INCREASED SECURITY MEASURES FOR BUSINESS TRANSACTED VIA THE INTERNET. SECURITY MEASURES THAT ARE CRITICAL TO KEEPING KANSAS CORPORATE, OUR MEMBER CREDIT UNIONS, AND THEIR CREDIT UNION MEMBERS SAFE IN THIS ONLINE-WORLD THAT IS CONTINUALLY BEING MARRED BY FRAUD.

BEYOND THE OVERSIGHT OF SUCH A BUSY AUDIT/RISK ASSESSMENT SCHEDULE, THE COMMITTEE ALSO MONITORS THE KANSAS CORPORATE ANNUAL CONTINGENCY TEST AND PANDEMIC RECOVERY TESTS. WE SIMULATE REAL-LIFE SCENARIOS TO ENSURE DISASTER PREPAREDNESS SHOULD AN ACTUAL EMERGENCY AFFECT OUR LOCATION, OUR STAFF, OR DELIVERY OF OUR PRODUCTS AND SERVICES. IN 2010, THE WEAKEST LINK WAS CONTRACTED TO PERFORM THE BUSINESS CONTINUITY PLAN INTERNAL AUDIT TO REVIEW EXISTING BUSINESS RECOVERY PLANS, PROCESSES AND PROCEDURES FOR THEIR COMPLETENESS. PANDEMIC TESTS WERE PERFORMED IN NOVEMBER AND

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DECEMBER 2010 AND THE ANNUAL CONTINGENCY TEST, PERFORMED IN DECEMBER, WAS FOLLOWED UP WITH A MEMBER SURVEY TO GARNER FEEDBACK FROM MEMBER CREDIT UNIONS.

THE ENORMOUS TASK OF REGULATORY COMPLIANCE CONSUMES THE MEETINGS AND ACTIONS OF THE SUPERVISORY COMMITTEE. DRAWING ON THE EXPERIENCE OF EACH OTHER AS INDIVIDUALS, CREDIT UNION LEADERS, AND VOLUNTEERS, WE WORK TO KEEP YOUR INVESTMENT WITH KANSAS CORPORATE SAFE. WE ARE PROUD TO SERVE IN THIS CAPACITY AND UNDERSTAND THE IMPORTANCE YOU PLACE WITH US. THANK YOU FOR YOUR TRUST.

RESPECTFULLY SUBMITTED,

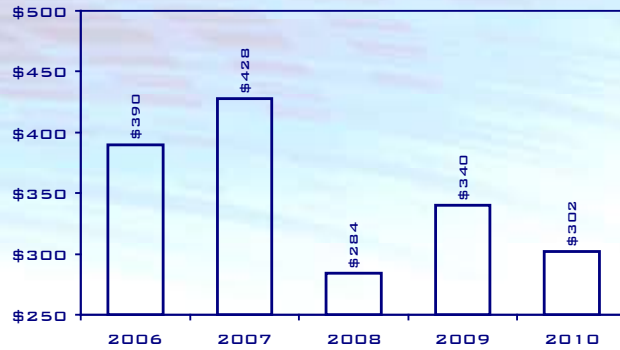


JACQUE CULLY | COMMITTEE CHAIR

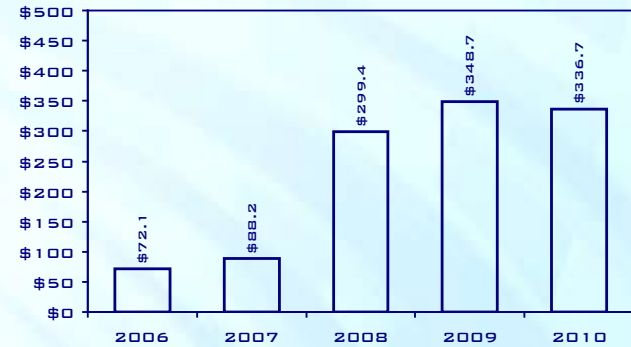
FINANCIAL OVERVIEW

12.31.2010

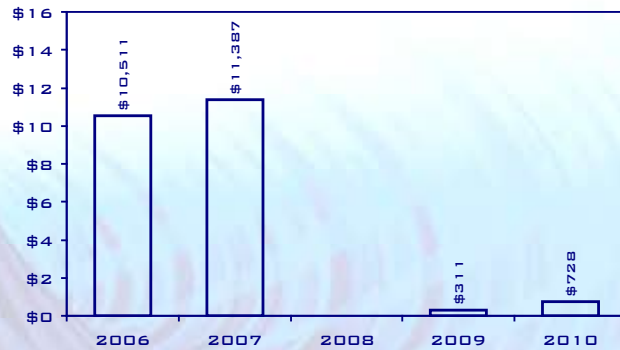
TOTAL ASSETS | MILLIONS



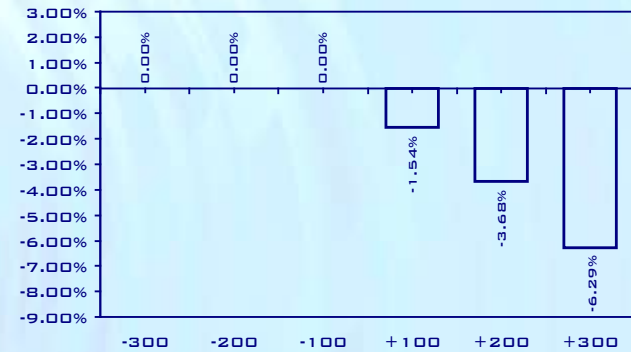
OFF-BALANCE SHEET ASSETS | MILLIONS



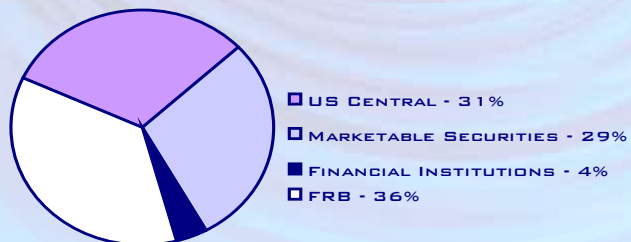
TOTAL RESERVES & UNDIVIDED EARNINGS | THOUSANDS



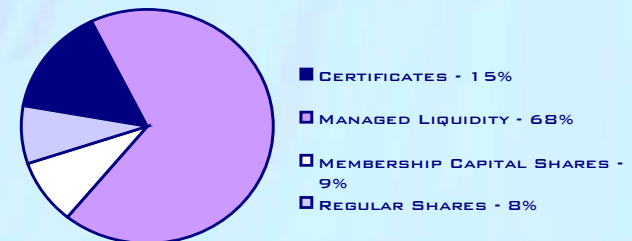
NET ECONOMIC VALUE CHANGE



DISTRIBUTION OF INVESTMENTS



DISTRIBUTION OF MEMBER EQUITY



The background features a complex, abstract pattern of overlapping, curved lines in various shades of blue and white. This pattern creates a strong sense of depth and movement, resembling a tunnel or a vortex that draws the viewer's eye towards the center. The lines are most prominent on the left side, where they form a circular opening, and become more diffuse and less distinct as they move towards the right.

KANSAS CORPORATE CREDIT UNION
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