

Kansas Corporate Monthly Membership Report

April 2011



Agenda

- Financial Review
 - March 2011 Results
 - 2011 Budget/Actual Net Income Graph
- Liquidity Update
 - Historical Member Overnight Deposits
- Interest Rate Risk/NEV Update – March 2011
- Capital Accumulation/Overview
- Board Action Items
- Supervisory Committee Action Items
- April 2011 Events/Developments
- Business Model/Plan Update
- May 2011 Calendar of Events



2011 Results

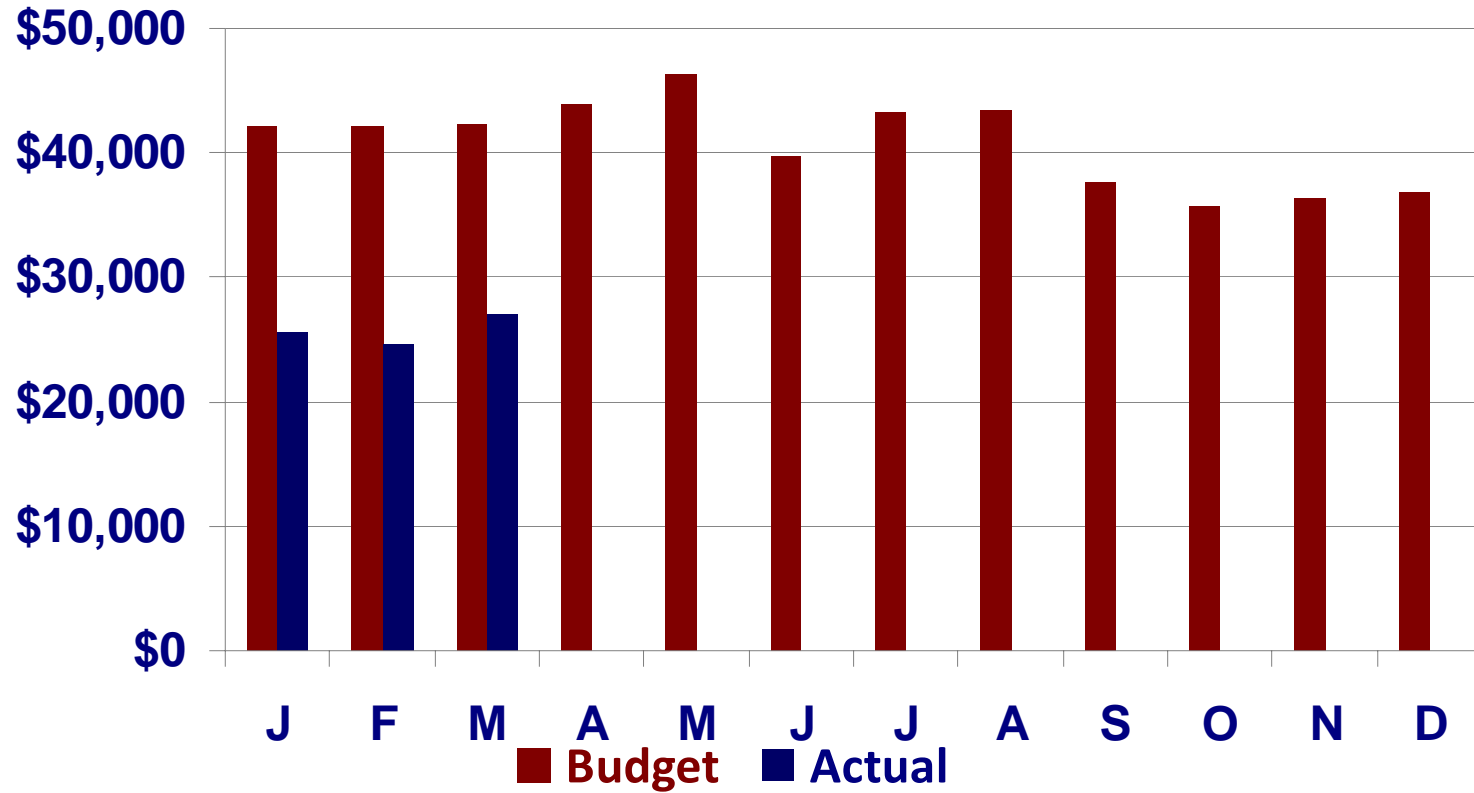
Kansas Corporate ended March 2011 with year-to-date Net Income of \$77,247. Net Income was less than budgeted due primarily to lower net interest income and fee income. Net interest income is less due to a lower than budgeted fed funds effective rate and Libor rate which have negatively impacted the return on overnight and floating rate assets. Fee income is less primarily due to lower commission income which will improve for the remainder of 2011 as the commission percentage earned on marketable securities sales is increased for the final nine months of the year.

Daily average net assets for the previous 12-month period increased to \$342.8 million, an increase of \$4.0 million from the prior month.

As of March 2011, Kansas Corporate had Retained Earnings of \$806,041, representing a Retained Earnings ratio of 0.24% and a Total Capital ratio of 7.89%.



2011 Budget/Actual Net Income



Liquidity Update

Liquidity remained strong in March and continues to exceed our internal projections. The liquidity trends are similar to last year and historical patterns.

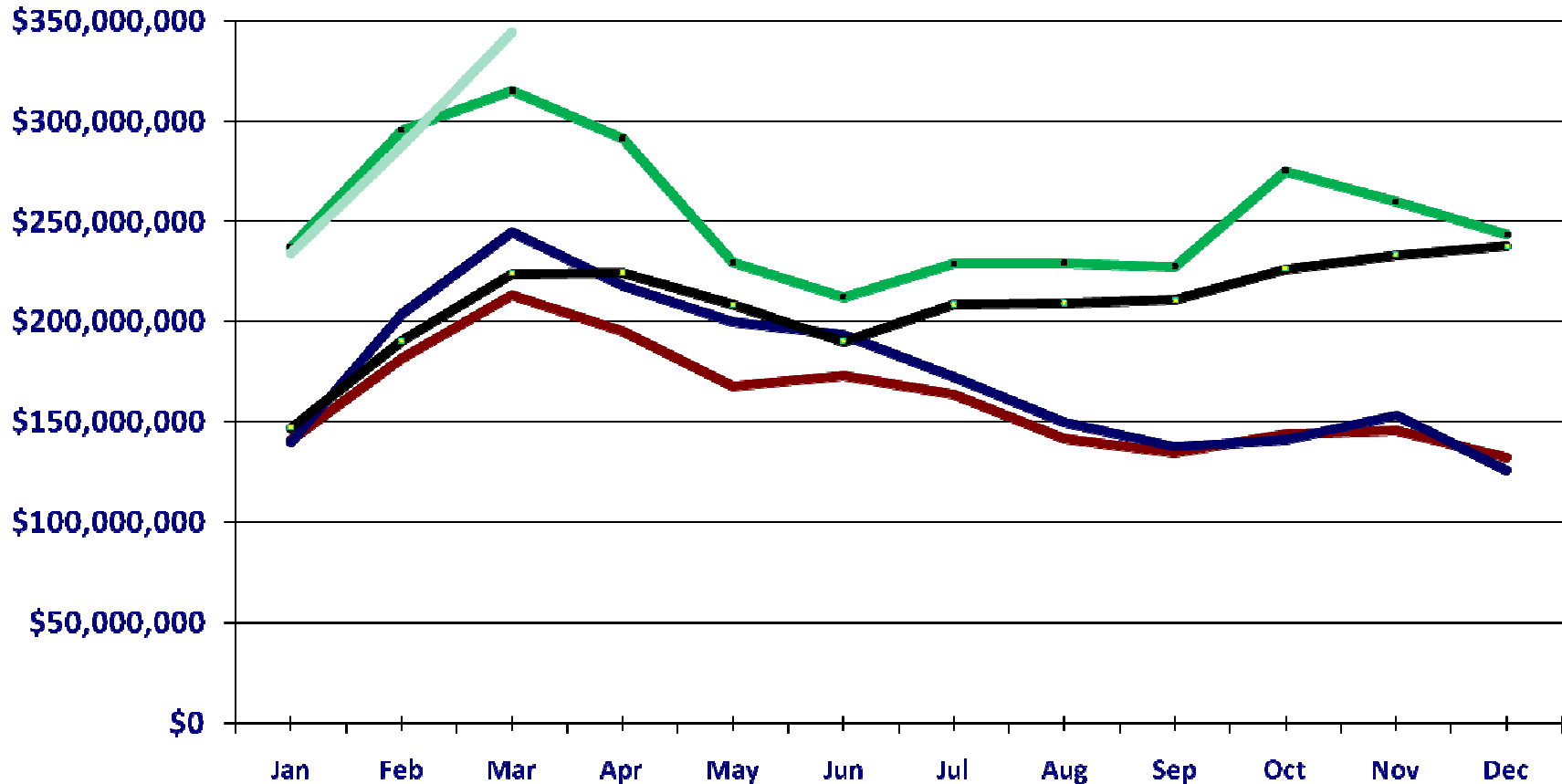
Current external liquidity sources of \$324 Million include:

- FHLB Collateralized LOC – \$101 Million
- TCCULGP – \$75 Million
- SunTrust Bank Advised LOC - \$10 Million
- Cross-Corporate Deposit Agreement – \$90 Million
- USC Advised LOC - \$48 Million

No external funding needs envisioned in the foreseeable future.



Historical Member Overnight Deposits



—2007

—2008

—2009

—2010

—2011



Interest Rate Risk – Net Economic Value (NEV)

| NEV Testing Results – March 2011 | | | | | | |
|--------------------------------------|--------------------------|-------------------|-----------------------|-----------|--|-------------|
| | Net Economic Value (NEV) | NEV Dollar Change | NEV Percentage Change | NEV Ratio | Reg Limits | Pass / Fail |
| Base Case | \$27,198,246 | - | - | 6.71% | Minimum Ratio: 3% | PASS |
| + 300 bps increase in interest rates | \$25,023,773 | (\$2,174,473) | (7.99%) | 6.22% | Minimum Ratio: 3% Max % Change: (15%) | PASS |

KCCU remains one of about half of the corporate credit unions that pass both the required minimum NEV ratio and the maximum change requirement in the +300 rate shock scenarios. This testing requirement remains the same in the final corporate Rule approved by the NCUA Board and all corporate credit unions must be compliant by October 2011.



Capital Accumulation

- Increase to Retained Earnings during the past 12 months through March 2011 was \$417,812
- Retained Earnings ratio was 0.24% as of March 2011 versus 0.10% one year ago
- Based upon the latest call report data from February 2011, , KCCU had the 10th highest Retained Earnings ratio and the 3rd highest Total Capital ratio for all corporate credit unions



Capital Overview

| <i>(In Thousands)</i> | March 2011 | March 2010 | Change |
|-----------------------|-----------------------|-----------------------|---------------|
| Retained Earnings | \$806.1 | \$388.2 | + \$417.9 |
| 12-Month DANA | \$342,836.1 | \$373,483.1 | (\$30,647.0) |
| Ratios: | | | |
| Retained Earnings | 0.24% | 0.10% | + 0.14% |
| Core Capital | 0.24% | 0.10% | + 0.14% |
| Total Capital | 7.89% | 7.43% | + 0.46% |



April Board Action Items

Board Meetings – April 13, 2011 and April 27, 2011

- April 13th Meeting – Board met with Orth, Chakler, Murnane & Company partner to receive the Final 2010 Annual Audit. No accounting adjustments were made and no internal weaknesses were identified.
- Approved March 2011 Financial Statements and Committee Reports
- Authorized KCCU management to enter into a Master Services Agreement with LendingTools.com to implement a new system to allow online access to KCCU products and services with single sign-on and bio-metrics multi-factor authentication
- Received an update from KCCU management on progress and developments on the merger with Treasure State Corporate Credit Union



Supervisory Committee Action Items

Supervisory Committee Meeting

- Participated in the April Board Meeting in which OCM discussed the Final 2010 Annual Audit
- Selected Trace Security to perform the Information Technology Security Internal Audit
- The KCCU Board Chair re-appointed Jacque Cully, Central Kansas Credit Union; LaRae Kraemer, Kansas State University Federal Credit Union; and Dave Collins, Mainstreet Credit Union; to 1-year terms on the Supervisory Committee



April 2011/Events/Developments

Annual Membership Meeting held April 15, 2011. Reported 2010 results and discussed future plans with meeting attendees.

Held elections for two open 3-year term Board seats and one 3-year term Credit Committee seat. The following individuals were elected:

- Board of Director's
 - Glen Scott, President/CEO, Envista Credit Union
 - Wayne Warfel, President/CEO, Wichita Federal Credit Union
- Credit Committee
 - Greg Winkler, President/CEO, Educational Credit Union



April 2011 Events/Developments

The KCCU Board elected the following officers at the Reorganization Meeting held immediately following the Annual Membership Meeting:

- Gary Colcher, President/CEO, Quest Credit Union, Chair
- Bill Hauber, President/CEO, Frontier Community Credit Union, Vice Chair
- Mahlon McCaleb, SVP/CFO, Meritrust Credit Union, Secretary/Treasurer

The 2010 Annual Report is available on the Communications, Financials Page of the KCCU Website – Available on CD by request to marketing@kansascorporate.org.



Business Model/Plan Update

- Formal Perpetual Contributed Capital (PCC) Offering documents being reviewed by KCCU legal counsel. Once approved, they will be sent to all current KCCU members.
- KCCU will ask members to sign binding commitment letters indicating their intent to purchase PCC by July 31, 2011
- PCC investment transactions will occur on September 30, 2011
- KCCU staff has been meeting with many members and their boards to answer questions about the new Business Model/Plan and the PCC investment. KCCU staff is always available to attend any member board meeting or answer questions.



May 2011

Calendar of Events



| Monday | Tuesday | Wednesday | Thursday | Friday |
|------------------------------------|---|-----------------------------------|--|--------|
| 2 | 3 | 4 | 5 Staff Meeting KCCU Business Model Webinar - TSCCU | 6 |
| 9 | 10 Primary Financial (SimpliCD) Annual Meeting | 11 | 12 | 13 |
| 16 | 17 | 18 | 19 Staff Meeting NCUL – Capitol Club Classic – Eagle, NE | 20 |
| 23 | 24 Supervisory Committee Meeting | 25 ALCO Meeting BOD Meeting | 26 Credit Committee Meeting | 27 |
| 30 MEMORIAL DAY – Office Closed | 31 | 1 | 2 | 3 |