



## **CORPORATE CENTRAL CREDIT UNION FINANCIAL SOUNDNESS REPORT**

**December 2017**

This monthly report is intended to provide transparency regarding Corporate Central Credit Union's key financial measurements. The report is a supplement to the monthly financial statements and other due diligence material that can be found in the Due Diligence Center of our website – [corpcu.com](http://corpcu.com).

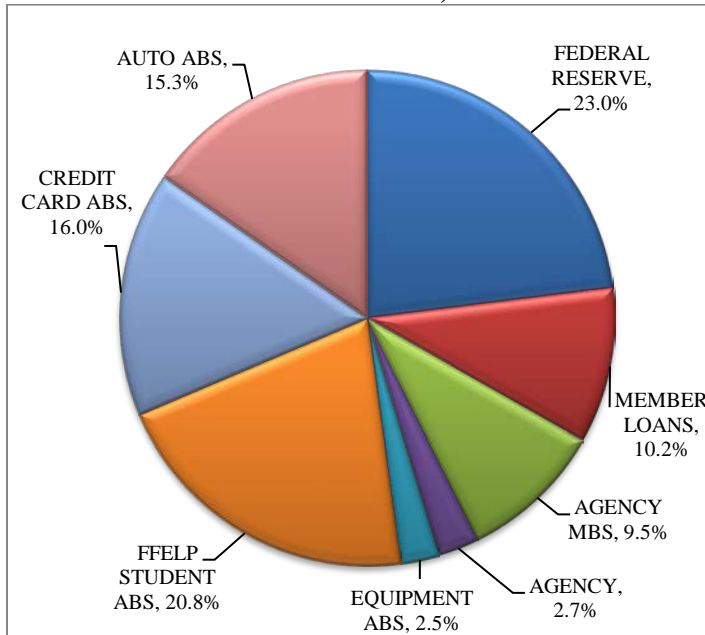


## Diversification

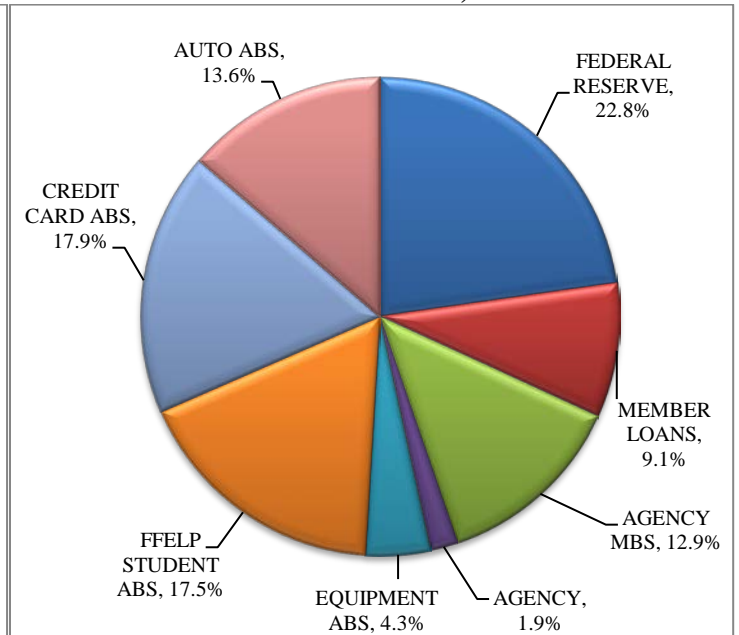
As of December 31, 2017, Corporate Central had 23% of the investment and loan portfolio in deposits at the Federal Reserve. Investments in credit card asset-backed securities (ABS) represented 16.0%, FFELP student loan ABS, which are comprised of student loan-backed securities that are at least 97.0% guaranteed by the Department of Education, accounted for 20.8%, auto loan ABS represented 15.3%, and equipment ABS represented 2.5% of the portfolio. Agency mortgage-backed securities (MBS) represented 9.5%, agency debentures represented 2.7%, member loans comprised 10.2%, and Home Equity ABS accounted for approximately 0.03% of the total portfolio.

### Corporate Central's Portfolio Breakdown Year over Year

December 31, 2017

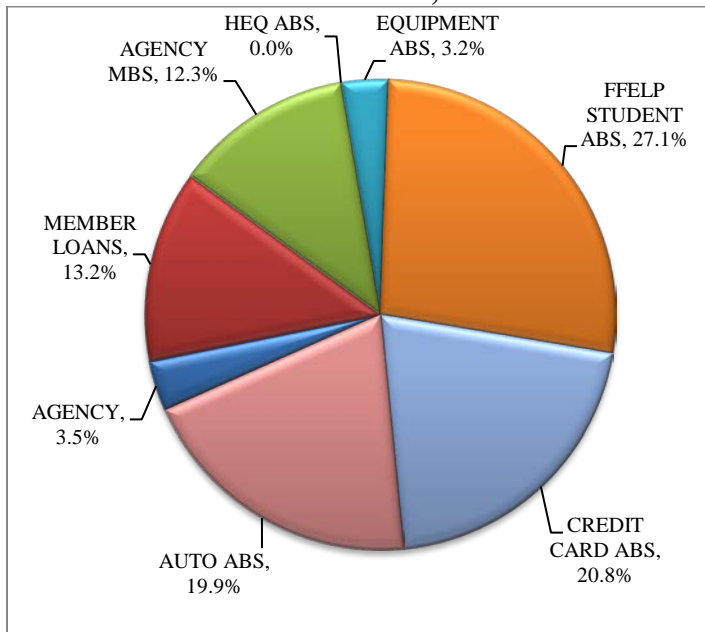


December 31, 2016

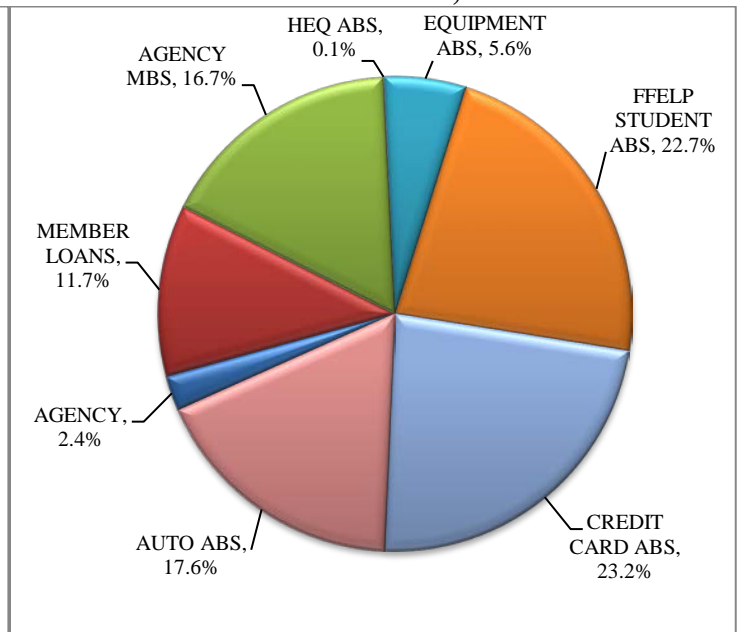


### Corporate Central's Portfolio Breakdown (Excluding Cash) Year over Year

December 31, 2017



December 31, 2016



The risk rating breakdown and unrealized gain of \$3,318,179 on our investment portfolio can be seen below.

## Marketable Securities as of December 31, 2017

	Book Value	Market Value	Unrealized G/L
U.S. Gov't/Agency	\$182,951,367	\$183,009,514	\$58,147
Minimal Amount of Credit Risk	\$822,747,162	\$826,051,597	\$3,304,435
More than a Minimal Amount of Credit Risk	\$444,697	\$400,294	(\$44,403)
<b>Totals</b>	<b>\$1,006,143,226</b>	<b>\$1,009,461,405</b>	<b>\$3,318,179</b>

## Corporate Central's Capital Position as of December 31, 2017

	12/31/17 Capital	Capital Ratios*	Risk-Based Capital**	Regulatory Requirements—Well Capitalized Levels	
				Current	Benchmark
Retained Earnings	\$51,881,771	3.46%	7.27%	1.5% RE	2.5% RE
Perpetual Contributed Capital (PCC)	\$101,368,752	6.77%	14.20%		
Tier 1 (Core) Capital*	\$153,250,523	10.23%	21.47%	5% Core & 6% (RB)	
Tier 2 Capital	\$50,323,021	3.36%	7.05%		
<b>Total Capital**</b>	<b>\$203,573,544</b>	<b>13.59%</b>	<b>28.52%</b>	<b>10% (RB)</b>	

\*Capital ratios are capital divided by 12-month moving Daily Average Net Assets (DANA).

\*\*Risk-based (RB) capital ratios are capital divided by 12-month average, month-end Risk-Based Assets (RBA).

\*12-Month DANA - \$1,498,015,384

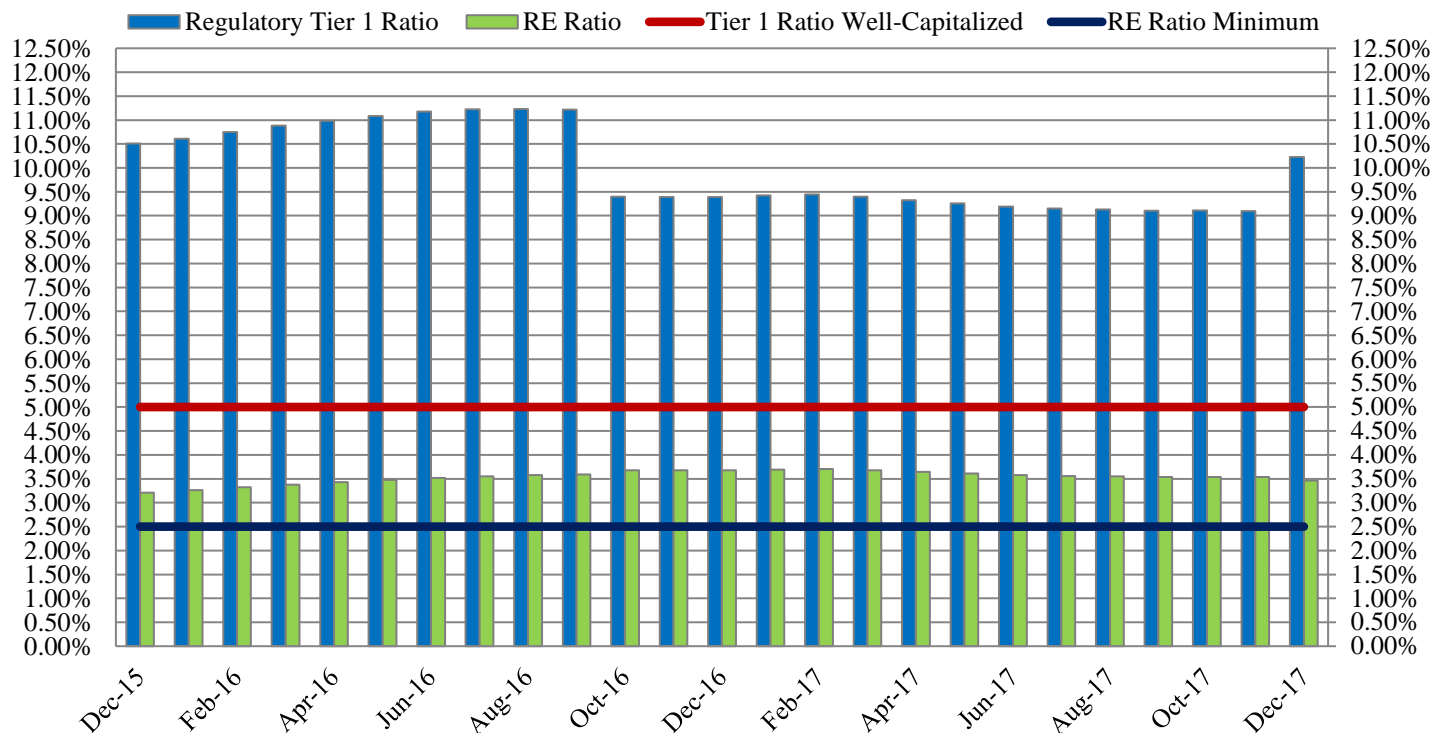
\*\*12-Month Average RBA - \$713,749,413

On December 22, 2017, NCUA amendments to regulation 12 CFR Part 704 became effective. These amendments remove the changes that were set to take place in 2020 and will now allow for corporate credit unions to include all member PCC in the Tier 1 Capital Ratio once the corporate's Retained Earnings Ratio is above 2.50%. Corporate Central currently has the highest Retained Earnings Ratio of all corporate credit unions at 3.46%, which means the changes now allow for Corporate Central to include all our member PCC in the Tier 1 Capital calculation. The Tier 1 Capital Ratio graph below now includes the Retained Earnings Ratio and the 2.50% benchmark requirement for all PCC to be included.

Corporate Central remains in a position of strength versus the regulatory capital requirements and will continue to work to ensure that it is solidly positioned to remain above the well-capitalized requirements, which can be seen below.

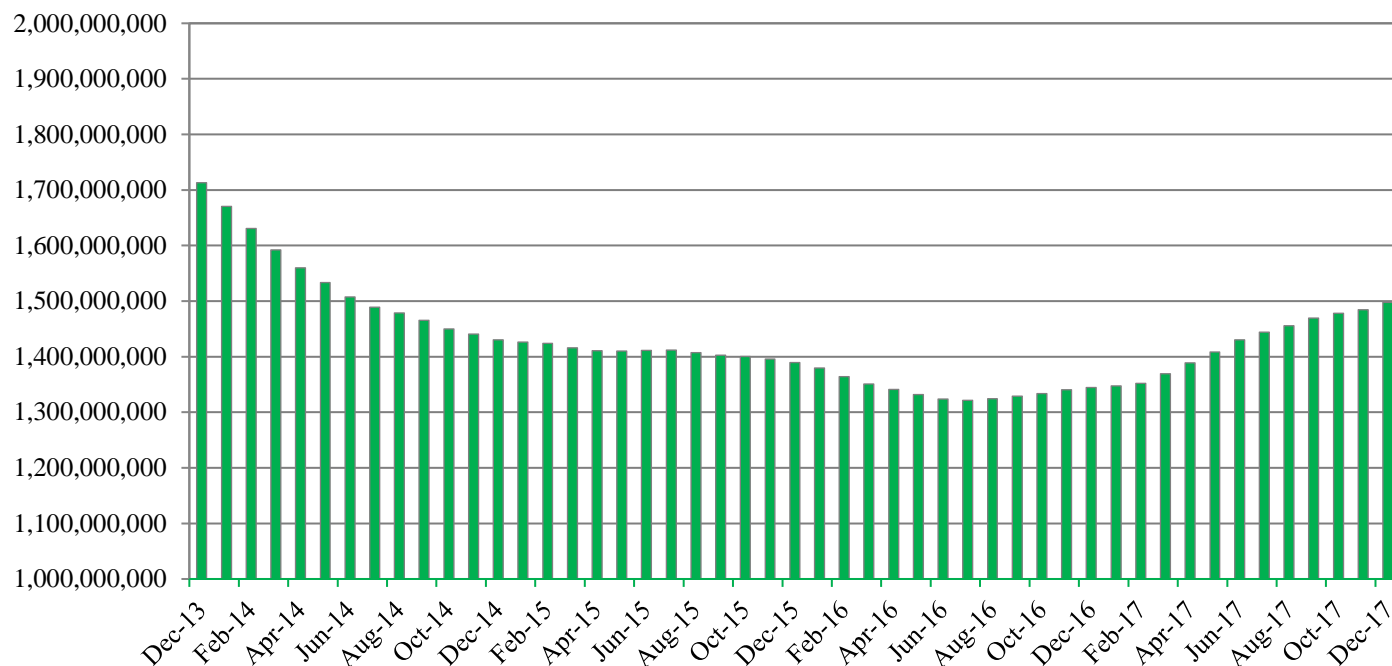
## Tier 1 Capital Ratio

Minimum RE Ratio to Include All PCC in Tier 1 Capital is 2.50%



In addition to growth in retained earnings and regulatory changes, some of the change in the Tier 1 Capital Ratio that has occurred over the previous few years can be attributed to changes in Corporate Central's 12-month DANA, which is the denominator in the capital ratio calculations. These changes, as can be seen below, have mainly been the result of the changing liquidity cycle, which has impacted our members' liquidity levels.

## 12-Month DANA History



Corporate Central's interest rate risk levels and economic value of capital as measured by Net Economic Value (NEV) and NEV Ratio remain well within regulatory limits as can be seen below.

### Corporate Central's Net Economic Value (NEV) as of November 30, 2017

	Net Economic Value (NEV)*	% Change	Regulatory Limit	NEV Ratio	Regulatory Minimum
<b>+300 Basis Points</b>	\$207,089,337	0.66%	-20.00%	10.84%	2.00%
<b>Base Case</b>	\$205,738,005	0.00%	0.00%	10.72%	2.00%
<b>-100 Basis Points</b>	\$205,244,819	-0.24%	-20.00%	10.68%	2.00%

\*NEV is the fair value (FV) of assets in each scenario minus the FV of liabilities in that scenario, and is considered the economic value of capital. Perpetual Contributed Capital (PCC) and Non-perpetual Capital (NCA) are considered capital in the NEV calculation.

Additionally, Corporate Central's liquidity position remains strong. The majority of available liquidity is in the form of cash and marketable securities. However, Corporate Central has external lines of credit that can be used as required.

### Liquidity Sources as of December 31, 2017

	Total	Available
<b>Cash</b>	\$347,028,713	\$347,028,713
<b>Marketable Securities*</b>	\$435,340,815	\$391,806,734
<b>External Lines of Credit</b>	\$583,914,346	\$525,914,346
<b>Totals</b>	\$1,366,283,874	\$1,264,749,793

\*Market value of securities not pledged for other borrowings/lines of credit. Available amount is assumed to be 90% of market value.

View our latest financial information and critical due diligence material on our Due Diligence Center of our website (corpccu.com). Please do not hesitate to contact us with any questions or to request additional information.

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SVP/Chief Financial Officer